

**TINY ROWLAND**

**THE UGLY FACE OF  
NEOCOLONIALISM IN AFRICA**

**by an EIR Investigative Team**

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## Foreword

During the first half of 1992, the corporation whose proprietor is the subject of this book found itself in such rough waters, that many observers predicted it would be driven onto the shoals and splintered. The price of Lonrho shares, which stood at an all-time high of 318 pence in 1988, dropped to 65.5 pence. The company's value collapsed from an estimated 1991 high of £1.8 billion to £499 million. Its debt exceeded £1 billion. Moody's, the American ratings service, downgraded Lonrho's commercial paper to Ba3, three notches below investment grade. Pre-tax profits for 1991 collapsed, causing the first dividend cut in twenty years; 1992 promised to be worse.

Desperate to keep his ship afloat, Rowland approached his arch enemies, the Al-Fayed brothers, owners of Harrods department store in London, with an offer to sell one of the jewels of his empire, the Princess Hotel chain, at a fire sale price. In his telephoned plea to the Al-Fayeds, according to a transcript cited in London's *Daily Mail*, Rowland sounded "not at all like the sophisticated, ice-cold dealmaker whose very approach

could make City giants shiver, but like a used-car dealer anxious to make a deal."

Snubbed by the Al-Fayeds, Rowland unloaded one-third of Lonrho's Metropole Hotel chain to Libya's Muammar Qaddafi for £177 million in cash. That deal, and reports of more Libyan joint ventures in the offing, earned Lonrho an investigation by the U.S. Treasury Department's Office of Foreign Asset Controls, which warned that the firm might be placed on the U.S. government's list of banned companies. Lonrho's stockbroker, UBS Philips and Drew, quit in disgust.

It is therefore not excluded, that Lonrho will not last past 1993 in anything like its current form. The present book is expected to add to its woes.



## Introduction

Africa is dying.

In 1989, 150 million people in Africa were severely malnourished, 70 million more than in the mid-1970s.<sup>1</sup> Five million children under the age of five died there in 1990, according to the United Nations *Human Development Report 1991*. Forty million more of the continent's 450 million people face death by starvation in late 1992 and early 1993.<sup>2</sup> Forty percent of pre-school children in Africa suffer from acute protein deficiency, up from 25 percent in 1985. Diseases of all sorts ravage the continent. By the year 2000, according to the conservative estimates of the World Health Organization, 20 million Africans will be infected with the Human Immunodeficiency Virus (HIV), which causes AIDS.

Among the perpetrators of this holocaust are the International Monetary Fund, with its conditionalities; the former colonial powers, which, for the most part, never intended that economic development should succeed; and the private multinational corporations and international

commodity cartels, which have looted the continent and rigged the prices paid for its raw materials.

One man, above all the rest, bears special, personal responsibility for mass death in Africa, for the torture of the bodies and souls of its people: Roland Walter "Tiny" Rowland, "the dominant Western businessman in postcolonial Africa,"<sup>3</sup> boss of the British multinational, Lonrho.

From 1909 until 1961, the London and Rhodesia Mining and Land Corporation Ltd.—later Lonrho—was a sleepy Rhodesia-based mining firm. It burgeoned after 1961, when Tiny Rowland was hired to lead it. During the past three decades, Lonrho grew at a compounded 16 percent annual rate, to become a major force in Africa, and one of the largest corporations in Britain. Its tentacles spread far and deep into most African countries, coiling ever more tightly around their economies.

Today, Lonrho employs over 100,000 people in Africa, 25,000 in Zimbabwe (formerly Rhodesia) alone. It is the largest foreign employer in the Republic of South Africa. It holds vast tracts of land in Mozambique, including one 100,000-acre plantation where the company issues its own money. It is the largest private food producer on the continent, the largest textile manufacturer, the largest producer of sugar. It is a major power in coal, platinum, gold, and rhodium mining. It conducts mining, manufacturing, ranching, farming, and trade in 29 African countries.

The pattern of economic activity throughout Africa in recent years, namely the plunge into a depth of collapse that threatens whole nations and millions of people with extinction, bears the imprint of Lonrho—so mammoth is the company's presence on the continent. Dozens of countries had their destinies shaped by Lonrho and its boss, Tiny Rowland. The firm and the man alike come with a reputation for ruthlessness, and a mile-long trail of shady dealings. British Labour M.P. Willie Hamilton once exclaimed, "They are a bunch of crooks running Lonrho and should be in Brixton prison, every one of them."<sup>4</sup>

Lonrho and Rowland are shrouded in mystery. Numerous journalists have attempted to pierce the fog of lies, partial truths, and confusion in which Rowland wraps himself and his company; some even did, but their stories—when written at all—were spiked, again and again, by editors terrified of the power of Tiny Rowland. Writers and editors are all too

aware, how often those who crossed Rowland in business or in politics, particularly in Africa, wound up dead or destroyed.

Rowland biographer Dick Hall, who has known the Lonrho boss for over a quarter century, recounted a typical incident, which occurred when he was working on *My Life With Tiny*. "A former member of his close entourage looked terrified when I visited his office not long ago to ask about the background to one controversial deal in Africa. 'I'd rather not talk to you,' he said, after doodling nervously on a pad. 'Don't you realize that Tiny destroys people? I have a wife and children to think about.'"<sup>5</sup>

A prominent Conservative Member of Parliament, attempting to explain his own and his colleagues' reluctance to attack Rowland publicly, though many of them would dearly like to, began like this: "It is not that I fear being killed, though of course one never knows in a case like this. . . ."

There was a book published in 1976, titled *Lonrho: Portrait of a Multinational*, by S. Cronjé, M. Ling, and G. Cronjé. Informative though it was, the book was largely based on newspaper and magazine archives and other material in the public domain. Even this was too much for Lonrho's protectors. Several years after *Portrait* went out of print, a single African nation was prepared to buy enough copies of it to warrant a second printing. The British government intervened, and no second edition appeared.

Who is Tiny Rowland? What is this behemoth, Lonrho?

Rowland himself would say that he has been the best friend of black Africa for these several decades, using Lonrho's might in the fight for African liberation. Some black African leaders, particularly those who have had special arrangements with Rowland, will agree. Those he dropped, double-crossed, or never succeeded in buying off in the first place, will protest bitterly, and will second the opinion of the *Daily Graphic* of Ghana, which in 1972 denounced the proposed appointment of Tiny Rowland as chief "oil consultant" to the Organization of African Unity as "a criminal sell-out of the continent to our enemies."<sup>6</sup>

Ask about Tiny Rowland in the City of London, the financial center, and you will invariably hear that he is a modern-day buccaneer, who built up Lonrho as his own fiefdom, regardless of, and often in opposition to, the wishes of Britain's financial and corporate Establishment, and its

government. Rowland is a genius without scruples, City stockbrokers will say, and Lonrho has always been looked at askance, due to its unorthodox financial and business practices.

The present book, which is the product of investigations on several continents, solves the enigma of Tiny Rowland. Hundreds of hours of interviews with people who know Rowland, some of them since the 1940s, lifted the veil from hidden phases of his career, when the connections were made that ensured his later advance and protected his company.

Victims on the receiving end of Lonrho's business practices—stockholders in a firm taken over, or inhabitants of a country dominated—may feel as if they have been trampled by a rogue elephant. A serious probe of Lonrho uncovers, that the rogue has patrons and protectors at the highest levels in London.

The list of African heads of state and guerrilla leaders with whom Rowland has had intimate financial dealings reads so much like a Who's Who of modern African history, that when, in 1976, Britain's Department of Trade and Industry (DTI) recommended prosecution of Rowland for allegedly dispensing bribes all over the continent, the Foreign Office intervened to stop any such action for "*considerations of State*."<sup>7</sup> The British intelligence magazine *Private Eye* reported February 20, 1987, "[I]t is clear that on the questions of bribes to Africa the Foreign and Commonwealth Office became involved. There was a genuine fear expressed that if Rowland and the others were prosecuted, names would come out and these would then damage British interests."

Many such peculiarities of Lonrho become intelligible, once the firm is understood to be a *proprietary of the British Secret Intelligence Service* (SIS). The Foreign Office intervention to protect Lonrho from DTI's recommended prosecution turns out to have been no anomaly.

A list of Lonrho directors reads like a roll call of legendary operatives from British SIS. Sir Joseph Ball, for instance, joined the board of the London and Rhodesia Mining and Land Corporation in 1944, and chaired it from 1950 through 1958. He was one of the most shadowy, but powerful, figures in British intelligence, from World War I until his death in 1961. Nicholas Elliott, former third-ranking man in MI-6 (British foreign intelligence) and lifelong friend of the famous British and Soviet spy Kim Philby, sat on the Lonrho board from 1969 to 1973. Elliott had headed the Africa desk of MI-6.

The informal cadre of Lonrho was also drawn from the world of intelligence. Captain Stefan Klein, who negotiated the acquisition of rights to the Wankel engine and many other business deals for Rowland, was a veteran of one of the most sensitive British SIS operations during World War II.

In March 1990, British Labour M.P. Dale Campbell-Savours introduced four motions in the House of Commons, which exposed the close connection between Tiny Rowland and MI-6.<sup>8</sup>

His intelligence community pedigree prepared Tiny Rowland for a major role in Iran-Contra, the weapons-for-hostages scandal of the 1980s, alongside operatives not only from British SIS, but also the U.S. Central Intelligence Agency and the Israeli Mossad.

Lonrho derives a special status, moreover, from its ties to the British royal family, the Windsors. These go well beyond the obvious, namely, the decade-long presence on the Lonrho board of Windsor in-law Angus Ogilvy.

The secret of Lonrho is the secret of British strategic policy for Africa in the twentieth century.

At the end of the nineteenth century, the worldwide power of the British Empire was threatened by the rise of an array of continental European nations that was growing strong on the basis of "American System" economic methods, adopted by the Russian Finance Minister Sergei Witte during the 1890s and advocated by significant pro-industry forces in Germany and France. World War I bought the British Empire a lease on life. Russia was plunged into its Bolshevik dark age. Germany was saddled with war reparations so onerous, that they set the stage for the disaster of Nazi rule, and World War II. Instead of a world economy powered by great Eurasian infrastructure projects like the Transsiberian and Berlin-Baghdad railways, the British Empire, with its financial structures and its ability to loot the colonial "rim" territories, as the geopoliticians called them, had the upper hand.

This was the legacy of the Versailles system, fixed by the victorious Anglo-American elites and their French partners after World War I.<sup>9</sup> Its institutions were the League of Nations, and the post-World War II modifications established with the division of Europe at Yalta in 1945 and the creation of the United Nations, the World Bank, and the International



Monetary Fund.<sup>10</sup> Its purpose was Anglo-American world domination, in sometimes uneasy partnership with the U.S.S.R.

Not that everything could be kept just as before or would look the same. Already in the 1930s, the controllers of Britain's colonial empire in Africa made plans for "decolonization," a shift toward black majority rule. By design, however, this would be a sham independence. Britain's visible empire would become an invisible one. Africa would be looted the same as always, but under private auspices instead of by London in its own name.

As new countries came into existence in Africa during the 1950s and 1960s, the deck was stacked against their achieving real independence and sovereignty, or economic development. The late Dr. Frederick Wills, the courageous statesman who as Foreign Minister of Guyana (another one-time British colony) defied the International Monetary Fund from the podium of the U.N. General Assembly in 1976 with a call for "debt moratoria and international development banks," analyzed the British charade in a March 1991 speech.

The United Nations was a victors' club. Those who won the war, formed a club. The idea was: If we all get together, we prevent any new person from messing around. Remember that the Third World was not in existence, really. The significant thing that happened after the founding of the U.N. was a proliferation in the number of states. Nearly a hundred states arose since then, to join the U.N. But it was always a victors' club.

Educated at Cambridge and having been a Queen's Counsel, Wills knew the British system from the inside. He was a friend of many postwar leaders in Africa. The premise of the "victors' club," he continued, was to control raw material supplies, deny technology to the underdeveloped countries, and exploit their population. This new form of colonialism was largely conducted under "private" auspices, by multinational corporations, backed up by the potential use of armed force by U.N. Security Council permanent members.

In 1960, some of the most powerful men in British finance and politics tapped Tiny Rowland to be an instrument of the new form of

colonialism, and began to build up Lonrho as a sort of new British East India Company to rule Africa.

## Notes for Introduction

1. International Monetary Fund, *World Economic Outlook*.
  2. *Executive Intelligence Review*, August 21, 1992, "Forty Million face starvation if Africa is not helped."
  3. *Business Week*, October 12, 1987, "'Tiny' Rowland: Pushing 70 and pushing harder than ever."
  4. *Illustrated Life*, Rhodesia, February 14, 1974.
  5. Richard Hall, *My Life With Tiny* (London: Faber and Faber Ltd., 1987), p. xiii.
  6. S. Cronjé, M. Ling and G. Cronjé, *Lonrho: Portrait of a Multinational* (New York: Penguin Books, 1976), p. 211.
  7. David Tudor-Price, Treasury Counsel, "Advice," October 1976. Tudor-Price, who had strongly recommended prosecution, was commenting on the "impasse" which the investigation had reached.
  8. Motions of M.P. Dale Campbell-Savours, entitled "The Observer, Mr. Tiny Rowland and MI-6," March 1, 1990. In the second of these, Campbell-Savours moved "That this House . . . recalls the advice given to the Department of Trade and Industry by Sir David Tudor Price QC, following the 1976 [DTI] report, that Mr. Rowland and other Lonrho directors should be prosecuted on a variety of charges ranging from theft to corruption; understands that the government of the day chose to ignore that advice in deciding not to prosecute; questions the role played by MI-6 in that decision; believes it likely that MI-6 has long used Mr. Rowland as a source of African information and that a broadly based criminal prosecution could have focused embarrassing publicity upon that relationship; and similarly believes that Mr. Rowland's control of *The Observer* newspaper might also accord with the wider interests of MI-6. . . ."
- The third motion said, in part, "That this House is increasingly of the view effective scrutiny of newspaper acquisitions may have been effectively avoided in the case of Mr. Tiny Rowland taking control of *The Observer* by a failure on the part of MI-6 to disclose the nature of its true relationship with Mr. Rowland and to make its files on him available to the Monopolies and Mergers Commission; believes that the Rowland/Lonrho/MI-6 links date from the chairmanship of Lonrho of Sir Joseph Ball, a former head of British intelligence; finds it of further interest that, after taking effective control of Lonrho in 1961, Mr. Rowland had on his board Mr. Nicholas Elliott, another senior MI-6 officer and a man whose high level secret service activities warrant mention in *Spycatcher*; notes the suggestion that Mr. Elliott was Mr. Rowland's formal link with MI-6; is not therefore surprised to see Mr. Rowland's confirmation of 20th November

1975 that his file was so confidential that a Department of Trade and Industry Inspector was only permitted to view it if accompanied by two MI-6 officers. . . ."

9. Jacques Cheminade, "Will we repeat the blunders that led to World War I?" *EIR*, December 13, 1991, pp. 30-37; Lyndon H. LaRouche, Jr., "To understand Bush's policy, look at how Britain set up World War I," *EIR*, December 13, 1991, pp. 38-39; Lyndon H. LaRouche, Jr., "Ending Versailles system in vital interest of U.S.," *EIR*, January 31, 1991; Nora Hamerman, "The Versailles order: Historical truth leads to liberation," *EIR*, March 6, 1991, pp. 20-21; Jacques Cheminade, "The Versailles Treaty: 'an act of madness unparalleled in history,'" *EIR*, March 6, 1992, pp. 22-27.

10. William Engdahl, in "The IMF and the illusions of 'free market' magic," *EIR*, March 27, 1992, elucidates the control of Fund policy by Great Britain and the United States.

## ONE

# 'The Winds of Change': The Decolonization and Recolonization of Africa

*"The pursuit of empire by other means" . . . Nineteenth-century colonialism of Cecil Rhodes. . . . The "Boer War" . . . John Ruskin's racist imperialism. . . . The Round Table group and Fabian Socialism. . . . Plan for the Commonwealth. . . . The British origins of apartheid. . . . Hailey's African Survey. . . . A British "King of Africa" . . . Independence in a straitjacket. . . . In the footsteps of Cecil Rhodes*

On February 3, 1960, in Cape Town, South Africa, visiting British Prime Minister Harold Macmillan stunned the South African Parliament with his famous "Winds of Change" speech. "The most striking of all impressions I have formed since I left London a month ago," said Macmillan, "is the strength of this African national consciousness. In different places it may take different forms, but it is happening everywhere. The wind of change is blowing through the continent. Whether we like it or not this growth of national consciousness is a political fact. . . . Our national policies must take account of it."

The speech was a prelude to the declaration of independence by most of Britain's former colonial possessions in Africa, which happened during the next four years. But Macmillan's tribute to "national consciousness" was a cynical fraud.

The British were aware, as their forced withdrawal from India had given proof, that they could not keep their colonial empire intact in the wake of World War II. The "Winds of Change" gambit was to develop a

strategy to *maintain* colonial control, under the changed circumstances of the second half of the twentieth century.

Informed British circles admit as much. Even a historian of British decolonization, anxious to portray the process as genuine, had to concede that "the transfer of power was, to some degree, the pursuit of empire by other, informal means."<sup>1</sup>

Such "pursuit of empire by other means" was the task of Sir Andrew Cohen. Head of the Africa division in the British Colonial Office from 1946 to 1951, later Governor-General of Uganda, Cohen was known as "the King of Africa" because of his control over British policy for the continent.

Ronald Robinson, a research officer in the African Studies Branch of the Colonial Office in the 1940s, was one of Cohen's assistants and closest friends. Now a professor at Cambridge University, Robinson is writing a biography of Cohen. In a mid-1990 telephone interview, Professor Robinson told a journalist that the "so-called decolonization was also a question of prolonging the Empire. Decolonization was never intended in economic and diplomatic terms. Cohen was the first to realize that an alliance with black nationalism was the key to *prolonging colonial rule*."

The roots of Lonrho and Tiny Rowland's career are in the nineteenth-century British colonial expansion in Africa. His direct ancestors are Cecil Rhodes and the operatives of the British South Africa Company.

The 1884-85 Berlin West Africa Conference divided up much of Africa among European colonial powers. In its aftermath, a small army of adventurers, explorers, missionaries, traders, and empire-seekers from many European nations descended on the continent.

The British set up trading companies, often under royal charter, to take over different parts of Africa, which were then annexed to the empire. These included the Royal Niger Company, founded in 1886, which paved the way for formal British rule, from 1897, in what is now Nigeria. Another was the British East Africa Company, established 1887 to control the area of modern Kenya and Uganda, annexed under British rule by 1895.

Most important of all were the activities of Cecil Rhodes in southern Africa. The group centered around Rhodes had by far the greatest impact of the European imperialists. It shaped the evolution not only of southern

Africa, but of the entire continent's economics and politics, down to this day.

With financing from the Rothschild family, Rhodes consolidated control over most of the gold and diamond mines in what today is the Republic of South Africa, by the late 1880s. From there he pushed northward into an area (modern Zimbabwe) rumored to hold even greater riches than South Africa. "In 1888, Rhodes obtained a vague but extensive mining concession from the Matabeles' chief Lobengula and gave it to the British South Africa Company organized for the purpose. . . . Four years later, the Matabeles were attacked and destroyed by [Rhodes' lieutenant] Dr. Jameson and their lands taken by the Company," wrote historian Carroll Quigley.<sup>2</sup> Rhodes also financed the conquest of Nyasaland (modern Malawi).

The slaughter and slavery inflicted against Africans by Arab and European slave traders over the previous several centuries were compounded by what the colonial powers, especially Britain, now did.

Rhodes and his fellow marauders slew not only Africans who stood in their way, but white settlers as well. Such a conflict was what the British refer to as the "Boer War" of 1899-1902.

Cecil Rhodes was the Governor and dominant financial force in the Cape Colony in the 1890s. To his north were the territories of the Orange Free State and the Transvaal, governed by the Boers, descendants of primarily Dutch and French Huguenot settlers who came to the cape of Africa in the seventeenth century. While much of the fantastic mineral wealth of the Transvaal was in the hands of *uitlanders* (foreigners) like Rhodes and his associates, the Boers, under President Paul Kruger, maintained political power and thus ultimate control over what happened in the territory. In 1895, Rhodes financed an uprising against Kruger in Johannesburg, to coincide with an invasion by his right-hand man, Dr. Starr Jameson, from Bechuanaland and Rhodesia.

In a letter to his co-conspirator, Sir Alfred Beit, Rhodes outlined the stakes: "Johannesburg is ready. . . . [This is] the big idea which makes England dominant in Africa, in fact gives England the African continent."<sup>3</sup> Though the uprising fizzled, Jameson raided anyway, and was soon captured by the Boers.

Rhodes persisted in provoking the conflict. Two years after the raid that failed, Rhodes began a propaganda barrage about how horribly the



Boers treated *uitlanders* in the Transvaal. He was assisted by influential friends like Lady Lugard, colonial correspondent for *The Times* newspaper, and Lord Alfred Milner, who was appointed British High Commissioner of the Cape Colony in 1897. Before long, Rhodes et al. concocted a new provocation, to justify an all-out assault on the Boers. Historian Quigley, sympathetic to Rhodes though he was, recounted these events:

By a process whose details are still obscure, a brilliant, young graduate of Cambridge, Jan Smuts, who had been a vigorous supporter of Rhodes and acted as his agent in Kimberley as late as 1895 and who was one of the most important members of the Rhodes-Milner group in the period 1908-1950, went to the Transvaal and, by violent anti-British agitation, became state secretary of that country (although a British subject) and chief political adviser to president Kruger; Milner made provocative troop movements on the Boer frontier in spite of the vigorous protests of his commanding general in South Africa, who had to be removed; and, finally, war was precipitated when Smuts drew up an ultimatum insisting that the British troop movements cease and when this was rejected by Milner.<sup>4</sup>

The war for which Rhodes and Milner were maneuvering broke out in 1899. Over the next two years, however, the 35,000 Boer "irregulars" repeatedly bested the British in battle. Not until the full weight of the empire was mobilized, some 450,000 troops, were the Boers crushed in 1902. The British finally won by a scorched-earth policy, burning the Boers' farms to the ground, and herding tens of thousands of men, women, and children into camps. Under inhuman conditions—these were prototypes of Hitler's concentration camps—tens of thousands died.

After the defeat, Milner took over the two former Boer republics. Smuts was the dominant figure in the Transvaal. In 1910, the two Boer republics were federated with the two British-ruled states, the Cape Colony and Natal, to form the Union of South Africa.

The Rhodes group was impelled not purely by greed for Africa's riches. The group's philosophical outlook, in both its drive for colonization

and later decolonization, was rooted in the England of the latter half of the nineteenth century, where a revised doctrine of imperialism was preached by Professor John Ruskin of Oxford, a homosexual art critic. Ruskin had refined himself in the salons of old aristocratic families in Venice, Italy, where he studied how that tiny city-state dominated much of the world for over half a millennium.

In his inaugural lecture at Oxford in 1870, Ruskin gave a vision of an expanded Britain circling the globe.

A destiny is now possible to us, the highest ever set before a nation to be accepted or refused. Will you youths of England make your country again a royal throne of kings, a sceptred isle, for all the world a source of light, a center of peace? This is what England must do or perish. She must found colonies as fast and as far as she is able, formed of the most energetic and worthiest men; seizing any piece of fruitful waste ground she can set her foot on, and then teaching her colonists that their chief virtue is to be fidelity to their country and that their first aim is to advance the power of England by land and sea.<sup>5</sup>

Ruskin cloaked his imperialist preachings to Britain's young aristocrats in a mantle of social concern, which would become the hallmark of Fabian socialism. As Quigley described it, "The new imperialism after 1870 was quite different in tone from that which the Little Englanders had opposed earlier. The chief changes were that it was justified on grounds of moral duty and of social reform and not, as earlier, on grounds of missionary activity and material advantage. The man most responsible for this change was John Ruskin."<sup>6</sup>

Consistent with his devotion to "the power of England" over all others, and to Anglo-Saxon race superiority, was Ruskin's animus against the achievements and the methods of the Italian Renaissance of the fifteenth and sixteenth centuries, with its emphasis on the sanctity of each potentially creative human being. Ruskin has been called "one of the first systematic perpetrators of a 'counterculture'" in opposition to the Renaissance.<sup>7</sup>

A young undergraduate named Cecil Rhodes copied out Ruskin's inaugural address in longhand, and kept it with him for the next 30 years.

On February 5, 1891, Rhodes and other influential figures in Britain formed a secret society, which Rhodes had been planning for sixteen years, to carry out Ruskin's ideas. Known as the Round Table, the group became perhaps the single most influential power center in the Anglo-Saxon world. It spawned the New York Council on Foreign Relations, the British Royal Institute of International Affairs (Chatham House), the United Nations, and dozens of other one-worldist institutions. As Quigley noted, "The power and influence of this Rhodes-Milner group in British imperial affairs and in foreign policy since 1889, although not widely recognized, can hardly be exaggerated."<sup>8</sup>

In his first will, written in 1877 at age 24, Rhodes sketched the empire which he planned for his Round Table to conquer.

The extension of British rule throughout the world . . . the colonization by British subjects of all lands where the means of livelihood are attainable by energy, labour, and enterprise and especially the occupation by British settlers of the entire Continent of Africa, the Holy Land, the Valley of the Euphrates, the islands of Cyprus and Candia, the whole of South America, the islands of the Pacific not heretofore possessed by Great Britain, the whole of the Malay Archipelago, the seaboard of China and Japan, the ultimate recovery of the United States of America as an integral part of the British Empire.<sup>9</sup>

Rhodes' goal of Anglo-Saxon racial triumph was taken from Ruskin, as was his group's deployment of Fabian socialism. Both shine through clearly in the outlook of Lord Milner, *de facto* chief executive of the Rhodes group and executor of Rhodes' estate after the latter's death in 1902. In a *Credo* written not long before his own death in the early 1920s, Milner expounded his principles:

I am a British (indeed primarily an English) nationalist. If I am also an Imperialist, it is because the destiny of the English race . . . has been to strike fresh roots in distant parts. . . . My patriotism knows no geographical but only racial limits. I am an Imperialist and not a Little Englander, because

I am a British Race Patriot. . . . It is not the soil of England, dear as it is to me, which is essential to arouse my patriotism, but the speech, the tradition, the principles, the aspirations of the British race. . . . This brings us to our first great principle. . . . The British state must follow the race, must comprehend it wherever it settles in appreciable numbers as an independent community.<sup>10</sup>

Milner expressed his admiration for Fabian socialism, in *Questions of the Hour*, 1923, which lauded Sidney and Beatrice Webb's *A Socialist Constitution for Great Britain*. The Fabian Society had been founded in the 1880s by a group of social reformers who saw the growth of modern sovereign nation-states based on technological progress as a threat to British imperial rule. Their hostility to democratic-republican political forms was expressed in the sympathy of leading Fabians, such as Colonial Office official Sidney Webb and playwright George Bernard Shaw, for Mussolini, Hitler, and Stalin.

Lord Bertrand Russell, co-thinker of the Round Table and Fabian activist, spelled out the link between Anglo-Saxon racial triumph and Fabian socialism in his 1923 book, *Prospects of Industrial Civilization*:

Socialism, especially international socialism, is only possible as a stable system if the population is stationary or nearly so. A slow increase might be coped with by improvements in agricultural methods, but a rapid increase must in the end reduce the whole population to penury. . . . [T]he white population of the world will soon cease to increase. The Asiatic races will be longer, and the negroes still longer, before their birth rate falls sufficiently to make their numbers stable without help of war and pestilence. . . . Until that happens, the benefits aimed at by socialism can only be partially realized, and the less prolific races will have to defend themselves against the more prolific by methods which are disgusting even if they are necessary.<sup>11</sup>

The Round Table's lethal mixture of anti-human, racist policies with the reformist, leftist flavor of the Fabians would become the basis of

British policy in Africa and other regions held under colonial rule. After World War II, the "anti-imperial" Fabian Colonial Bureau, an arm of the Fabian Society, was to wield great influence in the former British colonies aspiring to freedom. Many leaders from the colonies studied at the Fabian-founded London School of Economics.

While the content of the new imperialism was to be Fabian socialism and enforced backwardness, aided by the practiced methods of divide and conquer, the Round Table group during World War I settled on the notion of a "British Commonwealth of Nations" as the *form* of their new empire.

The students of Rhodes held that effective political and financial control did not mean formal colonial control, such as the British had tried and failed to exert over their American colonies. That was a sure prescription for disaster, they said, because the colonized peoples would tend to revolt against an easily visible oppressor, as the Americans had, or the Indians in the 1857 Sepoy Rebellion, which threatened to sweep the terrified British into the sea.

They argued that a more subtle organization was needed. They talked in terms of a British Empire organized as a "federal system." The new form for the empire was outlined in a 1916 book by Milner associate Lionel Curtis, *The Problem of a Commonwealth*. In early 1917, *Round Table* magazine proposed "to transform the Empire of a State in which the main responsibilities and burden of its common affairs are sustained and controlled by the United Kingdom into a commonwealth of equal nations conducting its foreign policy and common affairs by some method of continuous consultation and concerted action. . . ."<sup>12</sup>

Exerting hegemony over British foreign and colonial policy for most of the twentieth century, the Round Table group developed numerous techniques for maintaining colonial power even as it was officially divested. In India, in Africa, and in the rest of the British Empire, they initiated the process of transforming a visible colonial empire into an invisible empire. By 1992, Queen Elizabeth II could say, "Our Commonwealth is a partnership of 50 nations and we are responsible for one-third of this planet."<sup>13</sup>

The plans for an invisible empire in Africa evolved in several stages over decades. Lord Frederick Lugard, formerly the British colonial governor of Nigeria, presented basics of the Round Table approach in his influential *The Dual Mandate in British Tropical Africa*, published in 1922.

Lugard wrote, that in order to avoid becoming a target for rebellion or revolution, the British should rule indirectly, through tribal chiefs assisted by British civil servants, with little or no overt display of military force.

As a side benefit, one historian noted, "Lugard saw his policy as a necessary shield to prevent premature over-exposure of Africans to Western civilization."<sup>14</sup>

Centuries of slave-trading had destroyed a once-flourishing civilization on the African continent, centered in such magnificent cities as Timbuktu, Djenne, and Walata, each of which had a population of over 100,000. An estimated ten million Africans were carried off as slaves between the sixteenth and nineteenth centuries. The earlier civilizations were so destroyed that they were no longer even a memory to most Africans by the late nineteenth century. For the most part, the continent's culture had descended into backwardness and misery. To maintain the continent in this condition meant blocking the spread of cultural and technological knowledge from the immigrant white populations, like Kenyan highlands settlers, Rhodesians, or the Boers in South Africa, to the indigenous Africans.

British policy was so designed, from the time Britain took control of the Cape Colony and Natal in the early nineteenth century. Missionaries dispatched by the London Foreign Missions, acting as a covert arm of British imperial policy, championed the Romantic philosophy of Jean-Jacques Rousseau, which looked on the Africans as "noble savages" who should be kept in backwardness as their natural state. These British missionaries were the first to propose two measures that became cornerstones of the apartheid system: pass laws, and separate living areas for the Africans. This divide-and-conquer scheme was taken up by the British government with enthusiasm.

As Cape Colony Governor, Cecil Rhodes pushed through the Glen Grey Act in 1894, which mandated the establishment of segregated districts, or Bantustans. The original Glen Grey district is part of the Transkei, which in 1976 became the first Bantustan to be given pseudo-independence by the Republic of South Africa.

After the Round Table-instigated creation of the Union of South Africa, the new Union Parliament in 1913 passed the Native Lands Act, which designated certain areas of the country for occupancy only by Africans. The principle of territorial division was now advanced as law for

the new nation, and the right of Africans to purchase land outside these reserves was taken away. The Afrikaner-led post-1948 National Party governments simply rigidified the apartheid system British policy had established.

Enlightened Boers like Paul Kruger, the military leader elected President of the South African Republic (the Transvaal) in 1883, had different ideas. With German economic help, Kruger set about securing the independence of his country. He planned gradually to eliminate the onerous restrictions against Africans. Kruger's Superintendent of Native Affairs, General P. Cronje, argued that since "a very large section of the natives had come to a high level of civilization," pass laws should be lifted, first for educated Africans, and subsequently for all Africans. Backing a relaxation of pass laws, Kruger himself told the Volksraad (State Parliament), "[C]ivilized natives and raw heathens could not be placed on the same tray. . . . It was unchristian to hold civilization from their subjects. Civilization was everything. Let them (the Volksraad) do everything in their power to enhance it."<sup>15</sup> At a public meeting in 1890, Kruger refused to agree with a questioner who thought that black Africans should have fewer legal rights than whites.

Kruger was concerned with building a nation; the British with pitting Africans against whites, the better to conquer both.

When other white settlers in Africa tried to move against the British imperial system, London did not hesitate to posture as defender of the Africans, in order to suppress any bids for independence. The first such post-Boer War challenge in British colonial Africa came in 1923, when white settlers in Kenya revolted. British troops were dispatched to Nairobi to put down the uprising. As usual, the British wrapped themselves in high-sounding phrases of concern for the "African natives." Milner associate W.G.A. Ormsby-Gore, later Lord Harlech, drafted a Kenya White Paper right after the uprising, with the following language:

Primarily Kenya is an African territory and His Majesty's Government think it necessary to record their considered opinion that the interests of the African natives must be paramount and that if and when those interests and the interests of the immigrant races should conflict, the former should prevail. . . . In the administration of Kenya, HMG regard them-

selves as exercising a trust on behalf of the African population, and they are unable to delegate or share this trust, the object of which may be defined as the protection and advancement of the native races.<sup>16</sup>

By the end of the 1920s, the approach to governing recommended in Lugard's 1922 *Dual Mandate* was deemed inadequate in Round Table circles. After all, there was a limit to how much a given piece of territory could be looted, if it remained in utter backwardness, with no labor force, no infrastructure, and no government apparatus to administer it.

In 1929, in the annual Rhodes lecture at Rhodes College, Oxford, Jan Smuts proposed that a comprehensive survey of Africa be carried out. The Round Table-dominated Colonial Office adopted Smuts' proposal, and commissioned a Round Table associate, Lord Malcolm Hailey, for the job.

Hailey was a senior functionary from the Indian Civil Service, with extensive experience in the methods of "indirect rule" by which a small British force governed the immense Indian Raj. He criss-crossed Africa for years and, in 1938, completed *An African Survey*. This was a 1,837-page, million-word "massively authoritative work of reference on almost every aspect of colonial administration on the continent. Hailey became particularly expert in the varieties of local administration employed in different colonies; especially differences in the participation of Africans."<sup>17</sup>

Upon the outbreak of World War II, with its huge demands for all sorts of raw materials from the African colonies, the British felt the need for change more urgently than ever. They also had one eye on the postwar period, on the possibility of colonial insurgencies like those that had followed World War I.

Once again, the Colonial Office dispatched Hailey, "perhaps the most eminent British colonial official of the day,"<sup>18</sup> to Africa, where he toured in 1940-42. His work was to usher in the next phase of British imperial policy. Historian John Darwin summarized Hailey's findings.

Hailey's report [*An African Survey*] flatly ruled out going on as before. The number of educated and politically-minded Africans was bound to increase as social and economic changes made themselves felt. Political movements would become



more frequent, and some means would have to be found of canalising them safely. But Hailey was much less concerned with preparing for a rising tide of nationalism—which he claimed was scarcely visible in Africa—than with the problems and consequences of expanding the social and economic functions of government, hitherto almost negligible. Colonial governments would have to plunge into new fields in their role as the agents of development. Opinion at home now required this. But the more they regulated the social and economic life of African societies the more they would be caught up in local grievances and controversy. Indeed, the promotion of any social and economic change at all would force colonial governments to make difficult and unpopular choices. The result might be to shake the foundations of imperial authority:

“Can we be sure,” Hailey asked, “of the continuance of that degree of acquiescence in our rule which is a necessary condition of administrative progress?” . . . He rejected the idea that the tribal and traditional local authorities of the countryside could be the basis for self-government. What was needed was African participation through regional councils, and the recruitment of Africans into the administrative machine (as in India).<sup>19</sup>

The influence of Hailey's report was immense, as his entry in the *British Dictionary of National Biography* attests: “In the Colonial Office, extracts were made out of every passage suggesting action or policy and a discussion was started as to how it could be implemented. For the next fifteen years, the influence of these measured pronouncements was felt, perhaps most strongly in the immediate post-war years.”

What Hailey, speaking for the Round Table, proposed, was “majority rule”—the juridical end of colonial control. Such ideas were too radical for much of the British Establishment at the time, so he was constrained to outline a policy which would lead toward that end, without quite enunciating it. The *DNB* entry continues, “Hailey believed that Africans should, and before long would, take over political power in their own continent; he expressed this belief more freely in conversation than in print, where he was monumentally discreet.”

Following Hailey's report, the Colonial Research Fund and the International African Institute were established, both of which he chaired. The Colonial Development and Welfare Act allotted £5 million funding, supplemented by additional Acts in 1945, 1947, 1950, and 1955, to make his ideas a reality.

Hailey set the framework, but the man who presided over “decolonization” after the war was the aforementioned “King of Africa,” the Colonial Office's Africa division chief (1946-51), Andrew Cohen. According to his colleague, Prof. Robinson, Cohen was “the first to realize that an alliance with black nationalism was key to prolonging colonial rule.” Cohen was knighted “Sir Andrew” for his efforts, summarized in the *DNB*: “The intellectual dreamer of the Colonial Office was one of the most anti-colonial and unofficial of the imperial officials who finally dismantled the tropical African empire. In one way or the other his measures helped to awaken the slumbering genius of African nationalism, and, wittingly or not, he did more to bring about the fall of empire and the rise of the nationalists than most African politicians were able to achieve between them.”<sup>20</sup>

The “King of Africa” and the Colonial Minister whose alter ego he was, Arthur Creech-Jones, were both leading lights in the Fabian Colonial Bureau, “which championed the cause of the educated African in Britain; on socialist principles, both regarded indirect rule as a relic of reactionary imperialism.”<sup>21</sup>

Creech-Jones was in the Round Table orbit between the wars. Cohen had been a member of the Apostles, at Cambridge University, the homosexual cult of aristocratic youth to which Bertrand Russell, John Maynard Keynes, and later Anglo-Soviet double and triple agents such as Guy Burgess, Anthony Blunt, and Lord Victor Rothschild belonged. The Apostles espoused a Ruskinite doctrine of “Higher Sodomy,” according to which homosexuality represented a higher aesthetic order than love between man and woman. On the eve of his death in 1968, Cohen also was reportedly on the verge of being interrogated for Soviet espionage activities.

In late 1946, Cohen and Creech-Jones issued a joint minute, in which they declared that, “Both the international situation in the African territories themselves and the state of international opinion (not to mention the public relations of the Labour party), demand a new approach to policy in Africa.”<sup>22</sup> For the first time ever, it was stipulated in an official



document, that executive power in the former colonies must be transferred to Africans.

The British were going to decolonize, but on their own terms. "In some places after 1945 the British went further . . . positively searching out, grooming and coaching their successors. On occasion, *they even found it necessary to invent nationalism where it did not exist.* . . ." <sup>23</sup> (Emphasis added.)

British-shaped nationalisms would replace direct colonial rule, as John Darwin chronicled:

In a number of important cases, the British, far from being bent on repression, played fairy godmother to nationalisms whose chances of survival against the strength of ethnic divisions or local particularism would otherwise have been slim. For colonial governments partnership with nationalist movements dedicated to the unity of the colonial state was often a far more attractive alternative to fissiparous tribal coalitions or regional movements jealous of central authority, even if the latter enjoyed well-organized grass-root support. So the key decisions on when, how and to whom power should be devolved or sovereignty transferred usually reflected not so much a nervous collapse in the face of overwhelming nationalist sentiment, as a more elaborate calculation about the qualifications of any other set of local rulers for holding the flimsy colonial state together. <sup>24</sup>

In 1947, Cohen drafted two more manifestoes, which charted the next steps in decolonization. These were the abolition of colonial governors and establishment of a "democratic system of local government" along English lines. He specified in the second that "within a generation . . . the principal African territories will have attained . . . full responsibility for local affairs." <sup>25</sup> According to Cohen's disciple Robinson, "This meant independence within the Commonwealth." <sup>26</sup>

Next door to Cohen's office, a new African studies branch was set up in the Colonial Office to plan for local rule. There was a new *Journal of African Administration*, and summer conferences were instituted at Cam-

bridge, where colonial administrators conferred on how to establish local governments.

The Gold Coast (Ghana) in 1957, and Nigeria in 1960, were the first to achieve complete formal independence. According to Robinson, "It was Cohen who planned these crucial initial transfers of power in the Gold Coast and Nigeria; his constitution mongering awoke the slumbering genius of nationalism there." <sup>27</sup>

In East Africa, British Colonial Secretary Iain Macleod stunned Tanganyikan nationalist leader Julius Nyerere, who had been thinking of independence in five or ten years, by telling him that after winning the October 1961 elections, he would be prime minister of an independent country. "With almost miraculous ease, Tanganyika had become the first East African territory to emerge completely from colonial rule. . . . Tanganyika's independence was not the fruit of nationalism's overthrow of imperialism, but the outcome of tacit conspiracy between policy-makers in London and politicians in Dar es Salaam." <sup>28</sup>

Africans were fighting to assert their human dignity, but the rules were being written by the British. In arbitrarily drawn countries whose economies had been looted under decades of colonialism, they were now independent—set adrift in a rowboat in the middle of the ocean and told, "You are free to steer your own course."

The British Establishment evidently was satisfied with the course of decolonization, plotted by Cohen. The plans set in motion by this radical Fabian, ostensibly to dismantle the Empire, did not slow in the least under the Conservative Party governments of the 1950s.

"When the Labour Party's pamphlet on the colonies was published in March 1943, it contained nothing objectionable to either the Colonial Office or the Conservative party. Both party leaders agreed . . . on a progressive colonial policy that would encourage the dependencies along the road to self-government," wrote one historian. <sup>29</sup> Another recounted, "During the late 1940s, the Conservative Colonial spokesman, Oliver Stanley, had largely supported [Labour Colonial Secretary Arthur] Creech-Jones's initiatives. Throughout the 1950s . . . [Conservative Colonial Secretaries Oliver] Lyttelton and his successor . . . Alan Lennox-Boyd, both held firmly to the course their Labour predecessors had set." <sup>30</sup>

Conservative Party influential Duncan Sandys, Lord Duncan Duncan-Sandys after 1974, was a key player in the transformation of the empire.

Sandys had functioned in Winston Churchill's private intelligence service during World War II and married Churchill's daughter.

After serving as Financial Secretary at the War Office, Parliamentary Secretary for Arms Production at the Ministry of Supply, and Chairman of the War Cabinet Committee in charge of anti-V1 and V2 defense, Sandys became Secretary of State for Commonwealth Relations in 1960, and Secretary of State for the Colonies in 1962. In an obituary in the *Guardian*, Ian Aitken remembered Sandys:

[H]e probably had more to do with dismantling the British Empire than any other Cabinet Minister, Labour or Conservative. He presided over a series of constitutional conferences at Marlborough House at which a succession of delegates from British colonies were persuaded to sign independence constitutions drafted for them. . . . [H]is technique on such occasions was to keep the talks going night and day until they reached a conclusion. Those taking part often signed out of sheer exhaustion." He was known as the "gritty voice of the relentless right," of the Tory Party, but Sandys "oversaw the Macmillan 'Wind of Change' policy. . . . Far from retarding, he if anything accelerated the process of emancipation."<sup>31</sup> (Emphasis added.)

As crafted by Sandys in the mold of Rhodes, Lugard, Hailey, and Cohen, independence was granted the African states in name alone. The new form of colonialism, managed through multinational corporations, usurious loans, artificially low commodity prices, and IMF conditionalities, was as vicious as the old.

As a West African leader put it, "Look, no sooner did one group allegedly leave on a plane, than another group came in and took everything over. We can't even move, and when we go to the banks to get loans, whom do we see but the same people who left here? We have no freedom at all."

Besides financial straitjackets, the British left a devious, but extensive apparatus prepared to bring down any African leader who fought for real independence. As one history of the process observed, "The colonial security and intelligence authorities established a number of organisations to oversee the transition."<sup>32</sup>

First of all, many of the new nations were arbitrary creations, combining widely diverse tribal and religious groups. It was child's play for the intelligence services of the former imperial powers to trigger civil wars as a chronic impediment to development.

Secondly, much of the extensive British civil service which ran the colonies stayed in place after independence. Frequently, leadership in the new nations' intelligence services, or such crucial posts as private secretary to the head of state, would be held by the same people who held them before independence.

Thirdly, the new nations woefully lacked the human resources to ensure actual independence. The British had made sure that they sent the best and the brightest of potential young African leaders to be educated in British doctrines—usually Fabian socialism—at Oxford, Cambridge, Sussex, or the London School of Economics. They invariably received degrees in law or politics. The engineers, scientists, and agronomists needed to build modern nations were not trained.

Fourthly, the British cultivated those whom they chose to rule the new nations. Among the institutions established to oversee the transition was the supposedly private Ariel Foundation, which in reality was run by the British Secret Intelligence Service. It extended aid to selected young radicals, being groomed to run their nations. "In Africa, which was the scene of most Ariel activity, it organised scholarships for young nationalists in Britain and exchange visits between Western and African leaders. Kaunda, Seretse Khama (Botswana) and Jomo Kenyatta took advantage of these trips. Robert and Sally Mugabe received education paid for by Ariel. Three nominees of the Zimbabwe African Peoples Union, the party led by Joshua Nkomo, attended a course in basic politics and economics at the University of Sussex."<sup>33</sup>

Lastly, British intelligence acted to remove by means of a coup—as happened to Ghana's Kwame Nkrumah—or assassinate any leader it wanted to get rid of. Conversely, the British provided extremely good protection to those they wanted to keep, through "private" security agencies, all of which reported directly to the British government.

In the British long-term plan for South Africa and Africa at large, Lonrho and Tiny Rowland were cast in a leading role.

After putting the final seal on Fabian Sir Andrew Cohen's agenda for

decolonization, Duncan Sandys became Chairman of the Board of Lonrho. His transfer from the post of Colonial Secretary, whence he handed African nations their nominal independence, to Chairman of the Board of Lonrho, which rapaciously looted those same new nations, exemplified the British design.

When Tiny Rowland took the helm of Lonrho in 1961, the company was owned by a partnership that included the still-existing British South Africa Company, chartered by Cecil Rhodes in 1889. Rowland fancies himself walking in the footsteps of Cecil Rhodes, who is commemorated in the name of Rowland's London house—Hedsor Wharf, "Hedsor" being an anagram of Rhodes.

### Notes for Chapter 1

1. John Darwin, *Britain and Decolonization: The Retreat From Empire in the Postwar World* (London: 1988), p. 288.
2. Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time* (New York: The Macmillan Company, 1966), p. 136.
3. Thomas Pakenham, *The Boer War* (Channel Islands, U.K.: Weidenfeld and Nicolson Ltd., 1979), p. 1.
4. Quigley, *Tragedy*, p. 137.
5. Carol White, *The New Dark Ages Conspiracy* (New York: New Benjamin Franklin House, 1980), p. 28.
6. Quigley, *Tragedy*, p. 130.
7. Nora Street Hamerman, "The Irony of Perspective: Renaissance Art as Political Cartoon," *The Campaigner*, January-February 1977, p. 77.
8. Quigley, *Tragedy*, p. 133.
9. White, p. 29.
10. *Ibid.*, p. 26.
11. *Ibid.*, pp. 74-75.
12. Carroll Quigley, *The Anglo-American Establishment* (Angriff Pr., 1949), p. 156.

Rhodes had acknowledged that this process would take decades, if not a century. In 1891, he wrote to a co-founder of the Round Table: "Please remember the key of my idea discussed with you is a Society copied from the Jesuits as to organization, the practical solution a differential rate (tariff). . . . That the work, with America in the forefront, is devising tariffs to boycott your manufactures and that this is the supreme question, for I believe that England with fair play should manufacture for the world and, being a Free Trader, I believe that until the world comes to its senses you should declare war—I mean a commercial war—with those who are trying to boycott your manufactures.

. . . You might finish the war by union with America and universal peace, I mean after 100 years." (Quoted in White, pp. 29-30.)

Today's New World Order, promoted by U.S. President George Bush through the United Nations Organization, shows the pernicious influence of Rhodes' ideas. The United States of America is effectively reintegrated with the British Empire, as was demonstrated most clearly in August 1990, when Margaret Thatcher pushed a wavering Bush into a commitment to invade Iraq. The Anglo-American financial and political Establishment is conducting economic warfare against the rest of the world, through the International Monetary Fund and such adjuncts as the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA). This alone represents an "ultimate recovery," as Rhodes put it, of the United States, which fought its revolution against British empire-building masked as "free trade." (*Executive Intelligence Review*, January 3, 1992. "American System" economists Alexander Hamilton, Mathew and Henry Carey, and Friedrich List ruthlessly attacked the British East India Company's economist Adam Smith, and that company's doctrine of imperial looting—"free trade.")

That the Ruskinite triumph of the Anglo-Saxon race is still official Anglo-American policy, was demonstrated in the secret 1974 document of the U.S. National Security Council, declassified in 1991. Drafted under the direction of Henry Kissinger, National Strategic Security Memorandum 200 identified the growth of non-white populations in developing-sector countries as a strategic threat to the United States. Thirteen countries, including India, Bangladesh, Nigeria, Ethiopia, Turkey, and Indonesia, were targetted for covert warfare to reduce their populations. In Brazil, this resulted by 1991 in the sterilization of 25 million women of child-bearing age. (*EIR*, May 8, 1991. Interview with Dr. Alcení Guerra, Health Minister of Brazil.)

And when Iraq attempted to develop, to become a modern industrial state with advanced research and scientific capabilities, the Anglo-Americans led the charge to return that country to the Stone Age. The New World Order, which the Anglo-Americans are propagating with such bloody vehemence, is precisely what the Rhodes group championed.

13. *EIR*, March 20, 1992, excerpts from the Queen's March 9, 1992 Commonwealth Day Message.

14. R.D. Pearce, "The Turning Point in Africa," in *British Colonial Policy, 1938-1948* (London: F. Cass Pub., 1982), p. 157.

15. Douglas DeGroot, "The Origins of Apartheid: Three Centuries of the British System in Southern Africa," *New Solidarity*, November 1978.

16. Quigley, *Tragedy*, p. 152.

17. Darwin, p. 51.

18. *Ibid.*

19. *Ibid.*, pp. 52-53.

20. *Dictionary of National Biography, 1961-70*, pp. 227-29.

21. Ronald Robinson, "Sir Andrew Cohen: Proconsul of African National-

ism," in *African Proconsuls: European Governors in Africa*, L.H. Gann and Peter Duignan, Eds. (New York: The Free Press), pp. 353-64.

22. Ibid., p. 357.

23. Darwin, p. 191.

24. Ibid., p. 174.

25. Robinson, p. 358.

26. Ibid.

27. Ibid., p. 361.

28. Darwin, pp. 257-58.

29. Ibid., p. 64.

30. Anthony Low, "The End of the British Empire In Africa," in *Decolonization and African Independence; the Transfer of Power 1960-1980*, P. Gifford and W.R. Louis, Eds. (New Haven: Yale University Press, 1968), p. 441.

31. *The Guardian*, November 27, 1987.

32. Jonathan Bloch and Patrick Fitzgerald, *British Intelligence and Covert Action* (Dingle, Co. Kerry, Ireland: Brandon Book Publishers), p. 75.

33. Ibid., p. 152.

## TWO

### A Buccaneer for the Queen

*Charges of corruption. . . . The Drayton Group. . . . The fortune of the Queen. . . . Her Majesty's Household. . . . A hasty retreat from South Africa with Royal funds. . . . Friends in intelligence and finance. . . . Ashanti—a gold mine for the taking*

Since Tiny Rowland joined the firm in 1961, the name "Lonrho" has been synonymous with charges of corruption on a vast scale, a fact immortalized in 1973, when British Prime Minister Edward Heath denounced Lonrho as "the unpleasant and unacceptable face of capitalism." From 1973 to 1976, the company was under investigation by Britain's Department of Trade and Industry (DTI). Based on the DTI report, Treasury counsel David Tudor-Price recommended that several of its top officials, including Rowland, be prosecuted.

According to the DTI findings, Rowland and Lonrho had allegedly committed:

**Bribery.** "The DTI Inspectors in the course of their inquiry asked Lonrho for a list of bribes paid in the period from 30 September 1961 [approximately when Rowland joined Lonrho] to the commencement of their investigation on 30 September 1973."<sup>1</sup> Most of the over £1 million in bribes, euphemistically referred to as "Special Payments," were channeled through Rowland's personal account.



**Fraud.** Tudor-Price cited a "conspiracy to defraud the shareholders of Lonrho by Rowland," for the personal benefit of himself and two Lonrho board members, Alan Ball and Angus Ogilvy.

**Larceny.** Rowland was brought into Lonrho under the terms of a deal negotiated by Ball and Ogilvy, whereby he transferred assets to the company in return for 1.5 million Lonrho shares—nearly one third of Lonrho's issued share capital—and an option to purchase another 2 million shares at a favorable price. Within months, it emerged that Rowland had bought his stake in Lonrho with assets that were hugely overvalued. The transaction, said Tudor-Price, was "within the terms of the Larceny Act of 1861." Rowland was alleged to have bribed Ball and Ogilvy with a promise of a "part of the action" he received for his overvalued assets.

**Sanctions Busting.** After its Unilateral Declaration of Independence in 1965, Rhodesia was placed under trade sanctions by the United Nations and by the British government. Lonrho systematically violated the sanctions, to the personal enrichment of Tiny Rowland, according to Tudor-Price.

**Corruption.** The 1,000-page DTI report is rife with details of corruption of all sorts. One of the more egregious was a secret payment of £130,000 from a Rowland slush fund in the Bahamas to Establishment figure Duncan Sandys, in return for Sandys' intervention with the South African government in 1971 to get criminal charges against Lonrho dropped. Said Tudor-Price, "Its non-disclosure in the Rights Issue documents of 25th May 1972 was probably criminal and involved Rowland, Ball, Butcher, and Sandys who signed the prospectus as chairman."

Despite the DTI findings, Rowland then and always, in the words of a British intelligence community observer, "managed to skate round the gallows" for alleged activity which would have landed anyone else before the courts ten times over. Many in Britain and in Africa, who believe in Rowland's image as an independent rogue, a loose cannon in the ranks of British multinationals, are mystified about how he gets away with it.

The reality is that Tiny Rowland has thrived thanks to protection, from the very beginning of his career, by the highest levels of the British Establishment, including the Drayton Group, managers of the Crown's financial empire.

Returning to London after the "Winds of Change" speech, Prime Minister Macmillan consulted Foreign Secretary Alec Douglas-Home and

Colonial Secretary Duncan Sandys, on how to construct an apparatus to continue colonial rule under the new conditions. They, in turn, contacted two men: Sir Joseph Ball and Harley Drayton.

Ball was one of the most important behind-the-scenes actors in twentieth-century British politics. He also had been chairman, 1950-58, of the then little-known London and Rhodesia Mining and Land Corporation Ltd., soon to be Lonrho. Drayton was a powerful City of London financier, head of the 117 Old Broad Street Group (also known as the Drayton Group), and chief stockholder in London and Rhodesia.

A plan was hatched to build up Lonrho as a corporate pillar of the new strategy. The aging Sir Joseph, asked to find a young man to give the necessary vigor to the grand expansion plans, tapped someone known to him since World War II: Roland Walter "Tiny" Rowland.

More than anyone else, as Tiny Rowland himself later emphasized, Harley Drayton provided the political and financial backing for Lonrho's expansion. Drayton sent his long-time personal assistant, Angus Ogilvy, out to Africa to recruit Rowland in 1961. Drayton declared that Lonrho should be run by the troika of Rowland, Alan Ball (Joseph Ball's son, who became Lonrho's chairman after his father's death), and Angus Ogilvy.

Drayton's involvement with Lonrho points up the company's Establishment patronage: A collaborator of Ball at London and Rhodesia and in Conservative Party matters for several decades, Drayton was also chairman of 23 companies, controller of 20 investment trusts, and a powerful political and financial force in Britain.

According to City of London sources, the power of the Drayton Group derived from the enormous funds invested on behalf of two main clients: the Church of England, and the British Crown. Queen Elizabeth II is one of the richest individuals in the world; the deployment of her \$13 billion fortune is a highly sensitive matter.<sup>2</sup>

As Crown Agents for the Colonies, responsible for administering funds for Britain's colonies in Africa, Drayton and his 117 Old Broad Street Group were familiar with the continent. When the decision came for "the activation of Lonrho," in the words of South African minerals magnate Harry Oppenheimer,<sup>3</sup> the Crown, through Drayton, was deeply involved.

Rowland and others have worked hard to disguise his Royal patronage. But a review of the personnel of Drayton's circle, which "invented" Tiny Rowland, and of Lonrho itself reveals Royal links at every turn.



Col. Sir Robert Adeane, later Lord Adeane, had been Harley Drayton's close associate since the 1930s. He became chairman of the Drayton Group, following Drayton's death in 1966.

Adeane was prepared by family background, for a position where he would manage the Royal fortune. His family had provided retainers for the Windsors for decades. Baron Michael Adeane, a cousin, was a Page of Honour to King George V, and Equerry and Assistant Private Secretary to King George VI from 1937 to 1952. From 1953 until 1972, Baron Michael was Private Secretary to Queen Elizabeth and Keeper of Her Majesty's Archives. Michael's son, the Honorable Edward Adeane, was a Page of Honour to the Queen (1954-55), Private Secretary and Treasurer to Prince Charles (1979-85), Treasurer to Prince Charles and Princess Diana (1981-85), and Private Secretary to Princess Diana (1984-85).

When Lord Robert Adeane died in 1979, Angus Ogilvy read the lessons at his funeral. In the audience, alongside the Queen's retired Private Secretary Baron Michael Adeane and numerous ranking aristocrats of the realm, sat Mr. Tiny Rowland.<sup>4</sup>

**Angus James Bruce Ogilvy.** Robert Adeane recruited Ogilvy, at age 22, to the Drayton Group in 1950, as Harley Drayton's private secretary. Ogilvy was the second son of the 12th Earl of Airlie, a prominent Scottish aristocrat; the blood of King Robert Bruce runs in his veins. Ogilvy's mother was the daughter of the Duke of Leicester. His father was Lord Chamberlain of the Queen Mother's Household. His elder brother David was Chairman of J.H. Schroder, Wagg investment bank from 1973 to 1977.

From early on, Angus Ogilvy was a personal favorite of Queen Elizabeth II. He became part of the Royal Family in 1963, upon his marriage to Princess Alexandra of Kent, the Queen's first cousin.

Ogilvy has held dozens of directorships in the City of London, including the Midland Bank and the Canadian Imperial Bank of Commerce. He joined the board of Lonrho as an alternate director in 1958, becoming a director in 1962. In 1961, Harley Drayton sent Ogilvy to Africa to recruit Tiny Rowland to Lonrho.

For years, Ogilvy and Princess Alexandra lived next door to Tiny Rowland in a Chelsea flat purchased for them by Rowland. Rowland delighted in telling friends how he would breakfast with the Queen's cousin, she in her dressing gown.

Sir Basil Smallpeice was taken on by Lonrho as deputy chairman in 1972, after the near-collapse of Lonrho in a criminal scandal. Smallpeice had been Comptroller and Managing Director of British Overseas Airways Corporation (BOAC), and Chairman of Cunard Steam-Ship Co. At the time of his appointment to Lonrho, Smallpeice was Administrative Adviser to the Queen's Household, or, as Rowland later put it, "Comptroller of Buckingham Palace," a position he held from 1964 until 1980.<sup>5</sup>

**Gerald Percy** played an essential role in Lonrho's African business. Since the 1950s, he was an Africa operative of MI-6. Born in 1928, he is the son of Lord William Percy, 5th son of the 7th Duke of Northumberland, one of the most ancient and powerful families in Britain. His relative, Sir Algernon Percy, became Lord Steward of Her Majesty's Household in 1973. Gerald Percy emigrated to South Africa in 1951, married the daughter of a prominent industrialist, and joined the British South Africa Company, Cecil Rhodes' old firm, where he was personal assistant to the chairman, Lord Robins.

On more than one occasion, the dubious activities of Rowland's company have brought frantic Royal appeals to protect the Windsors from contamination by their Lonrho connection.

On November 19, 1969, two senior members of the British Establishment paid a visit to Angus Ogilvy. Lord Burke Trend, Secretary of the Cabinet since 1963, and Lord Greenhill of Harrow, Permanent Undersecretary of State for the Foreign and Commonwealth Office, were acting officially on behalf of the Queen. Lord Greenhill later described the purpose of the call, in testimony before a DTI commission investigating Lonrho:

The Edmundian mine [involved in a scheme to break United Nations and British sanctions against Rhodesia] was one of a variety of things which made us feel that we should speak to Angus Ogilvy about his association with Lonrho, and I think that matters really came to a head in October 1969, and we saw Angus Ogilvy in November, the 19th of November . . . and spoke to him . . . saying that our interest was really not concerned with his affairs so much as making sure that the Crown was not involved. . . . The gist of it was that if all

the facts became publicly known it would affect the position of the Queen, really. (Emphasis added.)<sup>6</sup>

Though pressured to resign from Lonrho, Ogilvy did not at that time. But there were more scandals to come.

In 1971, Lonrho treasurer Fred Butcher and two other company officials were arrested in the Republic of South Africa, on charges of fraud against minority shareholders in Lonrho subsidiaries. The documentation was precise; Lonrho had been caught red-handed. As word of the arrests spread, panic set in among company personnel, and its share price collapsed in the London market. For a time, it looked as if Lonrho might fail.

After Butcher's arrest, an evidently panicked Princess Alexandra telephoned South Africa, awakening a journalist in the middle of the night, to try to estimate the damage.

The Royal links of Lonrho were openly talked about in Africa at the time. The Rhodesian monthly *Property and Finance* wrote, "As P&F has reported several times, the British Royal Family is directly involved in the entire affair. The Hon. Angus Ogilvy, an executive director, was its representative on the Lonrho board; and Sir Basil Smallpeice (former chairman of BOAC and then of ill-fated Cunard), who is a close adviser to the Royal Family, was appointed to the board last year at the insistence of the Bank of England."<sup>7</sup>

In the hubbub after Butcher's arrest, "a small notice in the [South African] Government Gazette appeared saying that a London investment company handling the risk capital of the British Royal Family had quietly removed substantial Royal assets from So. Africa to Britain."<sup>8</sup> The notice referred to the Steenbok Investment Trust, a South African subsidiary of Harley Drayton's 117 Old Broad Street Group, where Angus Ogilvy had worked since 1950.

If the Butcher scandal were to spread and bring Lonrho down, it would muddy not only Angus Ogilvy, and not only the 117 Old Broad Street Group, but the source of the immense fortune which the 117 Group, with its 20 investment trusts, managed—the financial treasure of the Queen.

Immediately prior to the arrest of Butcher, Steenbok's head Sir Robert Adeane had stated that the company had the utmost faith in the Republic of South Africa and that it intended "to make every effort to gain a foothold

in other investment companies in the country."<sup>9</sup> Now, overnight, Steenbok folded up and left South Africa. At the airport on his way out of the country, Steenbok Managing Director Richard Ruane told Richard Rolfe of the *Johannesburg Financial Mail* that he hoped to avoid arrest.

According to witnesses of Steenbok's hasty retreat, Sir Robert Adeane was primarily concerned to protect the Royal Family, the source of funds behind the 117 Old Broad Street Group.

The roster of Lonrho board members over the years reveals its broad foundation in the Establishment, particularly in intelligence and in finance, in addition to its tie-in to the Crown. As the *Johannesburg Sunday Star* of February 9, 1992, put it, the Lonrho board is "a collection of old Etonians whom Rowland has kept about him over the years," a reference to the famous British prep school, Eton.

**Duncan Sandys**, later Lord Duncan Duncan-Sandys, Winston Churchill's son-in-law, former Secretary of State for Commonwealth Relations and Secretary of State for the Colonies, came onto Lonrho in 1971. He contacted two old friends, the South African Foreign Minister Dr. Hilgard Muller and Ambassador to London Dr. Hendrik Luttrig, to convince them fraud charges against Lonrho must be dropped.<sup>10</sup> Without this intervention by a senior British Establishment figure, Lonrho almost certainly would not exist today. In 1972, Sandys became Chairman of Lonrho. As Fred Butcher put it, "The company was bleeding to death," and "without the chairman . . . that grinding process of destruction would have gone on."<sup>11</sup> Sandys steadfastly backed Rowland in the famous boardroom fight of 1973-74 (as did the Drayton Group), when eight Lonrho directors tried to sack Rowland. Sandys was chairman until 1984, when he became Lonrho's "president for life."

**Sir George Bolton** became Deputy Chairman of Lonrho in early 1974, after the boardroom row. The appointment constituted the City of London's stamp of approval on Lonrho, at a point when the company's existence was shaky. From 1948 to 1968, Bolton was a director of the Bank of England, where he had worked in 1933. One of the most powerful men in the City, Bolton was also a director (1949-57) of the Bank for International Settlements, the elite Switzerland-based committee of central bankers, and an alternate governor of the International Monetary Fund.

**Sir Edward du Cann.** One of Sandys' conditions for accepting the

chairmanship of Lonrho was "that Mr. [Edward] du Cann would become a director, and that Keyser Ullmann would become Lonrho's merchant bank."<sup>12</sup> Du Cann succeeded Duncan-Sandys as Lonrho chairman in 1984 and remained there until 1991. Du Cann's entry in *Who's Who* fills half a page. He was a powerful Conservative Party leader in the 1960s and 1970s, a Member of Parliament for 32 years, and a Privy Counsellor. Du Cann began his political career as a protégé of "Winds of Change" Foreign Secretary Alec Douglas-Home, who made him, at age 39, Chairman of the Conservative Party, a post he held from 1965 to 1967. Du Cann was the longest ruling (twelve years) head of the Conservative Party's powerful 1922 Committee, from which post he engineered the 1975 overthrow of Edward Heath and the rise of Margaret Thatcher to Conservative Party chairmanship. From 1970 to 1975, du Cann chaired the London merchant bank Keyser Ullmann.

**Nicholas Elliott** was a career officer in British SIS, its Africa desk head, and eventually its third-ranking officer. He joined the Lonrho board in 1969 because, in Rowland's words, "we thought he would be useful in making contacts with Ambassadors and those sorts of people."<sup>13</sup>

**Alan Ball** was the son of Drayton's collaborator Sir Joseph Ball. He joined London and Rhodesia in 1947, became a director in 1951, a managing director in 1957, joint managing director with Rowland in 1961, and chairman of Lonrho from 1961 to 1972. From 1972 he was executive deputy chairman. Despite the younger Ball's being an irredeemable alcoholic, Rowland always insisted "Alan is irreplaceable." Rowland has reminded people frequently that the leadership of Lonrho was established by Harley Drayton in 1961 as "Alan, Angus [Ogilvy], and myself."<sup>14</sup>

**Maj. Gen. Sir Edward L. Spears** was a confidant and factotum for Winston Churchill. Lonrho took over the Ashanti Goldfields Co. in Ghana, of which Spears was chairman, in 1967. Spears cordially detested Rowland, but he was another British Establishment representative on the Lonrho board, where he remained until 1983.

**Sir Peter Youens** was an executive director of Lonrho from 1966 to 1969, and has remained on the board ever since. He was a high-ranking civil servant who kept his position in Africa after "independence." Educated at Oxford, Youens joined the Colonial Administrative Service, and rose up the ladder in Africa. He was Deputy Chief Secretary in Nyasaland, 1953-63. When Nyasaland became independent as Malawi, in 1964, he

was Secretary to Prime Minister Dr. Hastings Banda and to the Cabinet, 1964-66.

From its earliest days until the scandals of the 1970s, Lonrho banked with the most powerful merchant bank in the City, S.G. Warburg. The bank's head, Sir Sigmund Warburg, pioneered the so-called Eurodollar market, which became today's multi-trillion-dollar offshore drug and hot money laundromat.

Lonrho enjoyed amazing success at the beginning of Tiny Rowland's tenure, thanks to the "Winds of Change" strategy. Panicked at the political uncertainties in the newly independent states, many established businesses in Africa rushed into the waiting arms of Tiny Rowland. Proprietors sold their companies for a fraction of their true worth, and often not for hard currency, but for freshly printed Lonrho paper.

In many African countries, Rowland scooped up investment opportunities made available by the British Colonial Office. A South African stockbroker who has scrutinized every move by Rowland since 1961 commented, "Everything the guy did was handed to him. Most of his deals in Africa, for instance, were projects of the British Colonial Development Corporation."

Rowland's major business coup of the 1960s was typical. This was the takeover of the Ashanti Gold Fields. In 1874, the British invaded the Gold Coast (modern Ghana) and soon absorbed it into the British Empire. In 1897, Ashanti Goldfields Corporation obtained a 90-year concession to mine a 100-square-mile tract of land containing some of the richest gold deposits in the world. The concession was later renewed to run until 2037. In 1968, Lonrho acquired Ashanti, in what Cronjé et al. termed "perhaps the single most important takeover in the history of the company. It was rightly hailed as a commercial coup and a fine example of Rowland's entrepreneurial ability."<sup>15</sup> The acquisition boosted Lonrho's fortunes and capabilities. Ashanti's 1967 pre-tax profit was £2.2 million, when Lonrho's own was £3.6 million. Lonrho secured this cash cow for no money, merely an issue of convertible unsecured loan stock—that is, paper.

But Rowland's vaunted business genius had little to do with it. Ashanti had been part of the Drayton Group. Harley Drayton himself sat on its board until shortly before his death in 1966, when he was succeeded by another Drayton Group operative, Martin Ellison Rich. Another Ashanti

board member at the time of Lonrho's takeover was Duncan Sandys, who had been associated with Ashanti since 1947! Over the bitter opposition of Ashanti's chairman, Major General Edward Spears, the Drayton Group and Sandys handed Ashanti to Lonrho.

Such is the wealth and power ranged behind Mr. Tiny Rowland. The arrogant Rowland—he once described the Lonrho directors as “decorations on the Christmas tree”—has had plenty of bitter fights with members of the board. But their commitment to Lonrho's mission always overrode such personality clashes.

Tiny Rowland is fanatically secretive about his early life, but therein lies the answer to how and why the British Establishment came to choose this man as the new Cecil Rhodes.

## Notes for Chapter 2

1. David Tudor-Price, “Advice.” This and the following quotations are from three “Advices” he submitted to the Department of Public Prosecutions in 1976.

2. The British magazine *Harpers and Queen* of January 1991 cited the Queen as “the world's wealthiest woman,” whose fortune increased by an astounding 25 percent in 1990.

3. Department of Trade and Industry report on Lonrho Ltd., Allan Heyman, QC and Sir William Slimmings, CBE, CA.

4. *Daily Telegraph*, June 29, 1979.

5. Letter of Tiny Rowland to H.C. Gill, inspector for the Department of Trade, April 1, 1976.

6. DTI Report, Appendix 17, p. 1.

7. *Property and Finance*, May 1973.

8. E.G. Wallace, “Move Over Ivar,” unpublished ms., 1973, p. 257. Wallace was a former Lonrho executive who, in his own words, “became obsessed and completely engrossed with the unravelling of the Rowland, Ogilvy, Ball manipulations which went way back into the past.” His manuscript, over 250 pages, is a fascinating, if uneven, indictment of Rowland and Lonrho.

9. *Ibid.*, p. 275.

10. Cronjé et al., p. 163. DTI report, pp. 349, 367.

11. DTI report, pp. 378, 390.

12. *Ibid.*, p. 461.

13. Cronjé et al., p. 106.

14. DTI report, pp. 29, 31, 67.

15. Cronjé et al., p. 84.

## THREE

## Who Is Tiny Rowland?

*A secret picture file. . . . An Indian affair. . . . Young Master Fuhrhop. . . . In the Hitler Youth. . . . Private Rowland and Captain Ramsay. . . . Royal Army Medical Corps veterans remember. . . . Interned at the Isle of Man. . . . Tiny's wartime records*

In 1988, a journalist and photographer for the London *Daily Mail* traveled to Hamburg, Germany, to visit the aged widow of Tiny Rowland's older brother, one of the few people alive who had intimate knowledge of his past. According to one Londoner in the know, “Rowland kicked up tremendous s--- after he discovered that they saw her. He claimed she was a confused old lady, and that what she said couldn't be taken seriously. On the contrary, she was very lucid. He was infuriated that she had spoken, and she got a real tongue-lashing. . . . Rowland threatened to sue everybody.”

The *Daily Mail* journalist wrote a 2,000-word article based on an afternoon's talk with Mrs. Fuhrhop, while the photographer copied some pictures of the young Rowland and his brother in Germany during the early days of Nazi rule. The article and the pictures were never published, however. They are said to be locked in a safe at the *Daily Mail*, waiting for Rowland's death.



The biographical story that has appeared in newspaper articles and some books is that Tiny Rowland was born Roland Walter Fuhrhop on November 27, 1917, in a British internment camp in India. He was the son of the German merchant Wilhelm Friedrich Fuhrhop and his wife Muriel (née Kanenhoven), daughter of a prosperous Dutch shipping agent.

Rowland told it differently to a business associate more than thirty years ago, when he was an obscure wheeler-dealer in Rhodesia. According to that account, Rowland was not the product of the wedded bliss of Wilhelm and Muriel Fuhrhop, but of an affair between Wilhelm and the sister of a leading British civil servant in India, Sir John Rowland. "The story Tiny told me was that Sir John was the head of the Rawalpindi Railway in India," said his old associate. "He was a bachelor who wired his sister to come out and be his hostess. The sister—Tiny's mother—did go out there and Tiny was born illegitimately to a German trader named Fuhrhop, who had an affair with Sir John's sister."

Sir John Rowland was indeed employed by the Indian State Railways, which he joined in 1904.<sup>1</sup>

The alternative account of Tiny's parentage would explain his choice of name in 1939, when he changed his name by deed poll from Roland Walter Fuhrhop to Roland Walter Rowland. In one of his rare interviews, Rowland told two British journalists that he took his surname "from a maternal uncle."<sup>2</sup> It would also help explain his entry (though never acceptance) into rarefied levels of the British nobility and the intelligence community. It would shed light on why Sir John Rowland was a business partner of the young Tiny Rowland, in one of the latter's first major business ventures in postwar Africa.

The Fuhrhop family, including the future Tiny Rowland, were not welcomed in India after World War I and could not gain admittance to England. Wilhelm moved the family to his birthplace, Hamburg, where he established the trading company India Agencies, on Spitaler Strasse in the business district. The family lived in the luxurious Klosterstern district, had several servants, and sent their sons to the prestigious Heinrich-Hertz Gymnasium.

Rowland told British journalist Charles Raw that he joined the Hitler Youth at the age of fifteen and a half.<sup>3</sup> This places young Tiny in the Hitler Youth in May or June of 1933, a very early date. Rowland's later contention that "everyone" joined the Hitler Youth only applied as of 1936, when all

youth organizations in Germany were merged into the Hitler Youth. Locked in the *Daily Mail* safe is a photograph of Tiny in his Hitler Youth uniform, swastika and all, in which, according to an eyewitness, "You can't mistake Tiny. His face really hasn't changed much over the years." Rowland would later claim to have been a passionate anti-Nazi, but this is refuted by those who knew him in those days.

In the spring of 1934, Roland Walter Fuhrhop was sent to a public school near Petersfield, England, called Churcher's. A classmate, Philip Brown, recorded his impression of the new boy: "A German boy, aged about 17, called Roland Fuhrhop, joined the school. He was an ardent supporter of Hitler and an arrogant, nasty piece of work to boot."

After a year at Churcher's, Fuhrhop joined the shipping business of a family relation of Muriel Kanenhoven Fuhrhop. In 1939, given the unpopularity of German names in England, he changed his name by deed poll to Rowland.

On December 12, 1939, Roland Walter Rowland was conscripted into the British Army and assigned as a medical orderly to the Royal Army Medical Corps (RAMC). After three months of basic training, he was assigned to the 75th British General Hospital (RAMC) quartered in Peebles, Scotland.

Peebles was the constituency of the one and only serving British Member of Parliament to have been interned during the war as a Nazi sympathizer, Captain A.H.M. Ramsay. Elected Conservative MP for Peebles in 1931, Ramsay had created the influential pro-fascist Right Club, and was a confederate of the Russian-born Nazi spy Anna Wolkoff. Ramsay was arrested and interned in May 1940 at Brixton Prison, but not before he had struck up a close relationship with Roland Walter Rowland of the RAMC.

Two affidavits of British soldiers who knew Rowland at the time, never before published, shed light on the personality and activities of young Rowland and his friendship with Captain Ramsay. (Spelling, punctuation and grammar uncorrected.)

Affidavit of James W.D. Anderson

I, James W. D. Anderson, of 10 Doune Terrace 3, Edinburgh, Scotland make oath and say as follows:



1. I am a retired executive of Scottish and Newcastle Breweries.

2. At the outbreak of the second world war I was a piper in the 11th 2nd Territorial Scottish General Hospital and was immediately mobilised and sent to Peebles a small town some 20 miles from Edinburgh where my unit took over the Hydro and turned it into a military hospital.

3. With the emergency and need to expand hospital facilities my unit was increased in size and called the 23rd 2nd Scottish General Hospital. Sometime during 1940 the 23rd 2nd Scottish General Hospital was posted to palestine. Myself and several other members of the 23rd remained at Peebles and formed the nucleus of a new general hospital called the 33rd Scottish General Hospital.

4. It was during my time at Peebles Hydro that I first saw Private Roland Rowland Royal Army Medical Corp. He had arrived during the night as a patient from London suffering from tonsillitis and had been put in a surgical ward, that was absolutely taboo, you don't put someone with a medical condition in a surgical ward and so that was the start to the best of my recollection of the mystery of Private Roland Rowland.

5. Shortly afterwards he was transferred into our unit and became part of the 33rd Scottish General Hospital. Instructions were given that Rowland was not allowed to do anything which would bring him into contact with sensitive information. I should explain that every military hospital runs on large amounts of paperwork in particular every admission is logged in a large admissions book which records details of the individual, service unit and locations. This was especially important because in our area we had a large concentration of troops and also the large naval base at Rosyth. Therefore, if one looked at the admissions book one could tell what ships were in port and what army units were stationed nearby and their precise location. This would be very useful information for the enemy.

6. Private Rowland was put on some sort of menial duty such as gate picket, or latrine cleaning. It became very obvious to myself and other members of the unit that Rowland was something different because he was obviously very well educated and to the best of my knowledge spoke several languages. He use to converse with the big contingent of Polish patients who were billeted in the grounds of the Hydro in tents. These men had arrived from Europe suffering from malnutrition and all sorts of other complaints.

7. The reception at the Hydro was a large open area and Rowland had evidently been detailed by the Orderly Sergeant to act as clerk at the admissions desk filling in the admissions book. Rowland was observed performing his duty here by the Commanding Officer, Colonel Malcolm MacKinnon. All hell broke lose on his discovery, why was Rowland working in reception? He was quickly transferred back to latrine cleaning.

8. I had during 1940 been helping the Post Sergeant who worked in the basement of the Hydro his name was William Tom Pow. I was able to persuade our sergeant major that I should be billeted in this room so that I could help with the backlog of mail that had accumulated and needed to be redirected. This was how I learnt that Rowlands' incoming mail was being intercepted by the army.

9. Rowland became a oddity because of his attitude and his obviously different class structure. He did not make enemies with anyone but he did not of course make friends with anyone.

10. The local Member of Parliament for Peebles was at that time Captain Ramsey who had been inturned. I saw Rowland once or twice with a very chic, sophisticated looking lady and I asked locally in the Conservative club or possibly in one of the local pubs who this might be and was told she was Captain Ramseys' wife or part of his family.

He used to dine at the Ramseys quite a lot, on one occasion both the Colonel and his wife and Rowland were invited up to the Ramseys' house for dinner, and there was

one hell of a row about it, what with Rowland being under the security quarantine, it was spread about the unit that this was never to happen again.

11. While Rowland was working on all sorts of menial jobs such as cleaning the latrines he applied for leave as his mother was going to America. This was what we were told and that he wanted to leave to go down to Southampton to see his mother off. Leave was refused, he then went absent without leave. The next thing that happened was a telegram that arrived addressed to the colonel, the gist of it was, Dear Colonel, I regret you could not see fit to give me leave to see my mother, it ended sarcastically with, I trust you will keep my job open for me, his job at the time was latrine cleaning.

12. Sometime later Rowland arrived back, I do not know if he had been escorted back or just walked in. He was immediately detained in the Guard Room and I was assigned to escort him. It was not customary to give an NCO the job of an escort for that sort of thing its usually a Private soldier for an escort. Rowland was then taken up before the Colonel and was asked whether he would take the Colonels' punishment, he refused. So he was then to be tried by Court Martial and he was returned to the Guard Room.

13. During the time he spent in the Guard Room I was with him all day and everyday, I can't now say how long it took, but it was quite some time and I had a lot of chats with him. He used to name drop, he told me he had been in Germany and that he had got out of Germany very late. He said that the reason he got out was by the help of Antony [Eden, the British Foreign Minister] and Winston [Churchill, the Prime Minister]. At first I personally didn't believe him and at the same time couldn't disbelieve him. It was obvious he was moving in that level of class structure. He was very arrogant at times and at other times a captivating personality. He had two small scars on his face which I asked about I think that was when he told me he had been a member of the Hitler Youth. He despised the British working man and he once said to me, take the British working man, what bloody good is he

anyway, give him a pint and enough for the cinema that's all he's interested in, you've got him. *There is no doubt in my mind that Rowland was pro nazi and I wouldn't think that without good reason. He was a nazi sympathizer and you know if your a sympathizer you dont shout it from the roof tops but you indicate it by a lot of things. He was no use to man nor beast and he was certainly no use to Britain, a fascist and complete and utter sham.* (Emphasis added.)

14. During the time Rowland was in the Guard Room, under my supervision, the chic looking lady previously mentioned came up several times to see Rowland. She suggested that we were ill treating Rowland and she threatened to go to the Colonel and complain unless I let Rowland out. I did not.

15. Rowland kept refusing to take the Colonels' punishment, an Orderly Officer came to see if he was fit and well. He then sat down and wrote a prognosis of his case which he gave me to read, and quite frankly I realised just how different our educations were, it was fabulous to be honest about it. I had not time for him, for his views or anything else because it was quite obvious without saying "I'm a nazi" he was obviously pro nazi. I said to him you may think your being smart don't you?, but you can take it from me you'll get six months at the minimum probably more, you're mad! The next day he said he would accept the Colonels' Punishment and he was marched back up and got 27 days. If I remember rightly if you got 28 days you qualified for remission if you got 27 days you served the whole lot.

16. I took him to Barlinnie Prison, in Glasgow which had a military wing. It had the reputation as being the hardest military jail in the country. In Glasgow it is known as the Barhell. We arrived about 12 o'clock and had to wait 2 hours. Whilst waiting Rowland was worried that in detention he couldn't get Beechams pills, which were quite a common laxative. We were then allowed in. Everyone, prisoners and escorts, had to move at the double. We were met by the Regimental Sergeant Major who took an instant dislike to Rowland, abused, insulted and hit him with his leather cov-

ered steel swaggercane which caused a weal to come up on Rowlands' face. This action completely transformed Rowland. He then became a complete, what I would call, a brainwashed soldier. We then doubled up to the reception where there were three NCO's he was made to empty his pockets out. He had a small chamois leather bag which contained stones, I'm inclined to think were rubies. This caused a lot of problems arriving at detention with such possessions. I left Rowland there, prisoners at the end of their sentence make their own way back to their unit, they think that you've had sufficient punishment that you won't run away again.

17. At the end of his sentence he returned to Peebles Hydro, and I got on very well with Rowland at that time I was possibly closer to him than anyone else, although I wasn't that close. There was no doubt in my mind that Rowland was pro nazi.

18. He was posted when I was still at Peebles to Edinburgh Castle. I know this because I had volunteered for duty with the Parachute Brigade and had gone to Edinburgh Castle for an eye test. While I was visiting there I heard a voice shout Hello sergeant, I turned round and there was Private Rowland humping a large bag of flour into the stores and that was the last time I saw him, sometime during the summer of 1941.

19. Neither during my many conversations with Rowland, nor camp gossip was there any mention made that Rowlands' parents had been interned on the Isle of Man by the authorities.

Sworn by the said James W. D. Anderson this 4th day of July 1985.

After British troops were routed from Dunkirk in the summer of 1940, Rowland's father was arrested and interned along with 27,000 other "enemy aliens." Mrs. Fuhrhop was also interned, first in Holloway Prison, and then with her husband in the internment camp on the Isle of Man. By late 1940, as the threat of a Nazi invasion receded, only one-fourth of the original 27,000 internees remained prisoners, and those 6,500, presumably the cream of the Nazi sympathizers in Britain, were all concen-

trated in the camps on the Isle of Man. Rowland's father and mother were two of them.

Tiny Rowland was expelled from the British Army on January 19, 1942. He maintains that this was due to his repeatedly pestering his superiors for a visit to his father and mother on the Isle of Man. But the affidavit of a second soldier who served with him tells a different story.

#### Affidavit of Kenneth Calderbank

I Kenneth Calderbank of 12 Southfield Road, Grimsby make oath and say as follows:

1. I enlisted in October 1940 in the Royal Army Medical Corps (RAMC). I was posted to number 2 Depot, New Battle Abbey, Dalkeith. In January 1941 I was posted to number 13 Company, Military Hospital, Edinburgh Castle. I was sent on a special course as a laboratory assistant in the Pathology field. Much of my work for the first seven months was at Edinburgh University. I then took over duties on the switchboard of Edinburgh Castle. I was a Private.

2. It was at Edinburgh Castle that I met Roland Rowland, the present head of Lonrho Limited, who was at that time also a Private. He was employed on general duties. This would have been some time in the summer of 1941.

3. Towards the end of 1941, Rowland became billeted in the corner bed of my barrack room. This would have been in about October or November. There were some six to eight of us in the room. One of them, Reggie Brown, was known to me since he came from my home town Horwich, Lancashire.

4. I obviously got to know Rowland better, once he was billeted with me. However, we were never really friendly. He was over-confident for my liking. In fact he was arrogant to the point of being objectionable. He was obviously well educated and was always well dressed. I didn't like the way he always paid people to do his chores, such as cleaning his boots. The ordinary soldier wore lace-up boots. Rowland had a pair of jack boots under the bed which he never seemed to wear, but which he used to pay one of the lads to clean once a week.

5. One night, in December 1941, I was lying awake and I suddenly realised that Rowland was listening to a radio on his bed. His bed was next to mine. I don't think that Rowland thought that I, or any of the others, was awake. I think it was about midnight to one a.m. I was astonished, as nobody was allowed a radio. I had never seen him with it before.

6. Rowland had his radio tuned in to Lord Haw Haw, the German propaganda broadcaster. Haw Haw was announcing the sinking of two of our major warships, HMS Prince of Wales and HMS Repulse, by the Japanese. Haw Haw said that there were no survivors. This was terrible news, which we had not been told about.

7. Suddenly, Rowland, on hearing what Haw Haw was saying, started clapping his hands in obvious glee. He started saying "Sink the bastards," "sink the bastards." He was aglow with joy.

8. I was absolutely outraged—livid. I jumped out of my bed, in my pyjamas, and shouted at Rowland that he was a Nazi bastard. I grabbed the radio, ran to the door, and threw it down about three floors. It smashed. I went back to Rowland and ordered him to stay where he was.

9. I then ran all the way to the main barrack block and went to the room of the Regimental Sergeant Major—RSM Hagan. I told him what had happened. I told him that I would not sleep in the same room as Rowland ever again. I told Hagan that if he did not do something immediately, I would go straight to the Commanding Officer. Hagan told me to wait in his barracks, and he said he would take charge, and go to the Royal Scots Fusiliers (who were also stationed there) to get them to put Rowland in the Guard House. That is what then happened. Rowland was taken away, and I went back to my barrack room.

10. As the Repulse and Prince of Wales were sunk on the 10th December 1941 it must have been that night, or soon after, that this incident occurred.

11. The next day, I learned that Rowland had been re-

moved from the camp. I was told that some senior officers had taken him away.

Sworn by the said Kenneth Calderbank this 10th day of September 1986. [Seal and name Commissioner for Oaths]

Rowland was removed by MI-5 agents and sent to Wandsworth prison. After a month there, he was transferred to the Isle of Man, and there interned under regulation 18B as a "danger to the security of Britain." He was placed under armed military guard at the maximum security camp at Peel. This camp was reserved for, in the words of one historian, "the wild men at the extremes of politics, potential terrorists and subversives," including many members and supporters of Sir Oswald Mosley's British Union of Fascists.

After a period of detention in Peel, Rowland was allowed to join his parents in the married compound at Port Erin, across the island. Rowland claims that he spent some nine months in internment, was then freed, and spent the rest of the war doing odd jobs assigned by the Labor Exchange.<sup>5</sup> According to evidence accumulated by his biographer Dick Hall, Rowland was in fact freed well before his parents were, who remained interned to the end of the war, even though 89 percent of the original "enemy aliens" interned had already been freed.

Rowland's early release from the maximum security camp at Peel was most unusual, given his record. He had been classified as a security risk in the first place, had parents who were interned as security risks and a brother in the Wehrmacht, had consorted with a notorious Nazi sympathizer (Capt. Archibald Ramsay, MP), had been kicked out of the Royal Army Medical Corps (RAMC) for cheering when British ships were sunk, and had been interned in Britain's highest security camp.

Had Rowland made his British intelligence connections even then? On the eve of the war, according to Dick Hall, Rowland approached his old headmaster at Churcher's and "he asked whether Hoggarth could write a testimonial to help him get a job working in British Intelligence."<sup>6</sup> Hall also recorded that "there was a rumor for a time that the affluent newcomer [at Peel] was a government agent, slipped into the camp as an informer."<sup>7</sup>

Dick Hall has known Tiny Rowland for over a quarter-century, and

has delved more deeply into Rowland's wartime career than anyone. In a December 1991 interview, Hall said, "It has been put to me by a number of people that he [Rowland] was put in there [Peel] as an informer. . . . This is really worth considering. Only his wartime record would reveal if there is something in it."

Rowland's wartime record, despite the expiration of the normal term of secrecy, is still classified top-secret.

In September 1991, a London source close to a private security firm's investigation of Rowland's background recounted, "There is a 30-year rule, after which all the files of all the 18B detainees are available at the Public Records Office. About three years ago, we requested Rowland's and we were told no! The Home official in charge said, no, not all of the files have been released. Now there are only two official reasons why files are not released: either for reasons of national security or because the material would be particularly embarrassing to the family. But Rowland's family is mostly dead, and anyway the source of embarrassment is knowing that someone was detained, which in Rowland's case has been widely known for a long time. It was quite extraordinary. We hit an absolutely blank wall."

During the 1973-76 Department of Trade and Industry investigation of alleged criminal acts by Lonrho and Rowland, the DTI staff sought to look at Rowland's wartime file. The request was only granted after repeated vigorous demands, and then only for review of the files in the presence of two MI-6 officers. No photocopying or even note-taking was allowed.

Rowland's Army file, too, according to people who saw it, has been weeded into non-existence.

### Notes for Chapter 3

1. *Who Was Who in Britain, 1961-1970*.
2. Ivan Fallon and James Srodes, *Takeovers* (London: Hamish Hamilton, 1987), p. 41.
3. Charles Raw, "The missing wartime months of 'Tiny' Rowland," *The Sunday Times*, London, May 31, 1981.
4. *Private Eye*, December 26, 1986.
5. Raw, op. cit.
6. Hall, *My Life With Tiny*, p. 208.
7. *Ibid.*, p. 212.

## FOUR

### The Double-Cross Committee

*Control of espionage. . . . Sir Joseph Ball. . . . Truth whitewashes the Nazis. . . . Africa hand Nicholas Elliott at Double-Cross. . . . The triple agents. . . . "Working for Intelligence?"*

Near the end of World War II, former Oxford don J.C. Masterman was commissioned by the Director General of MI-5 (the British domestic security service) to write a report on the covert activities in which he, as a leading figure in Britain's intelligence agencies, had been engaged for the past four and a half years. The resulting document was so sensitive that it was not released until 1972, at which point it became an international bestseller under the title, *The Double-Cross System*. Masterman described the functioning of the super-secret unit known as the XX Committee. The XX stood for "Double-Cross," but it was known as the "Twenty Committee."

"By means of the double agent system," Masterman claimed, "we actively ran and controlled the German espionage system in this country."<sup>1</sup> (Emphasis in original.) That is, every single German spy who landed in Britain was either shot or "turned" to work for British intelligence, sending back a massive amount of disinformation to their German controllers.

Four men who were in the ultra-sensitive Double-Cross work later



played key roles in the rise of Lonrho: Sir Joseph Ball, Nicholas Elliott, Captain Stefan Klein, and Tiny Rowland himself.

Or, as one South African author and editor with excellent connections to the Portuguese and South African intelligence services put it: "There is one thing you must understand. Tiny Rowland was set up by MI-6!"

Take the case of Sir Joseph Ball, Lonrho chairman, 1950-58. Until shortly before he joined the board of the London and Rhodesia Mining and Land Company in 1944, Ball was a member of the Double-Cross Committee, which he helped to found.

Ball had been employed by MI-5 already in the First World War. In the 1920s he was a deputy chief of that service. Then he formed the Research Department of the Conservative Party, an in-house intelligence agency modeled on MI-5, replete with agent penetration of the Labour Party and other covert operations.

The *Dictionary of National Biography* hints at the extraordinary influence Ball wielded in intelligence affairs and Conservative Party politics, for decades: "Moving for most of his life in the shadow of events and deeply averse to publicity of any sort he gave very little away, and the formal accounts of his career, whether written by himself or others, are curt and uninformative. He was however a quintessential eminence grise and his influence on affairs cannot be measured by the brevity of the printed references to him."

Conservative Party leader J.C.C. Davidson, who recruited Ball from MI-5 to found the Tory intelligence unit, said that he "had as much experience as anyone I know of in the seamy side of life and the handling of crooks."<sup>2</sup>

When Neville Chamberlain won the Conservative Party chairmanship in 1930, Ball became one of his closest advisers, probably his closest friend, and a frequent companion on weekend fishing trips.<sup>3</sup> In the late 1930s, he supported Chamberlain's appeasement of Hitler and Mussolini. Ball himself maintained contacts with Mussolini for Chamberlain through the Italian Embassy in London, bypassing the Foreign Office led by the anti-appeasement Anthony Eden.

Ball ran a private intelligence service for Chamberlain, to coordinate the activities of such influential pro-Hitler groups as the Anglo-German Fellowship and the Right Club. A reputed homosexual himself,<sup>4</sup> Ball

apparently favored homosexual agents. One of his chief operatives was the flagrant homosexual Guy Burgess, later exposed as a Soviet spy, whom he used as a back channel both to Mussolini and to Hitler's circles, and as his agent in the Anglo-German Fellowship. The Fellowship included many titled British aristocrats, among them Angus Ogilvy's father, the Earl of Airlie, and was patronized by the Prince of Wales.

Ball assigned Burgess as the aide-de-camp to another Anglo-German Fellowship influential, a homosexual Member of Parliament named Captain Jack MacNamara. One of Burgess' duties, according to a friend, "was to ensure that MacNamara's 'emotional needs' were satisfied."<sup>5</sup> MacNamara and Burgess travelled widely on the European continent among pro-Nazi circles. After the war broke out, Ball sponsored Burgess to join MI-5.

On the propaganda front, Ball complained that the newspapers supporting Chamberlain, such as *The Times* and the *Daily Telegraph*, had limited circulation and therefore little effect on the average working man. So he covertly bought up a newspaper called *Truth*. A historian of the period explained the editorial line of the paper: "Since Ball's takeover of the paper in 1936, *Truth* had leaned over to give Hitler and the Germans the benefit of the doubt whenever the Germans looked set to make their next move. . . ."<sup>6</sup>

The pro-Nazi rhetoric of *Truth* continued even after the German invasion of Poland on September 3, 1939: "[A]fter spring 1939, Ball and Chamberlain used *Truth* to try and sabotage the policies that they were now being forced to adopt as they saw their appeasement policies crumbling before them. *Truth* became stridently anti-Churchill, anti-Semitic, anti-American and pacifist; and as such accurately reflected the real state of Ball's and Chamberlain's minds from 1939 onwards."<sup>7</sup> *Truth* also asserted, contrary to British government statements, that there were no concentration camps in Germany.

One of Ball's pro-Hitler associates was Captain Ramsay, the same Ramsay who befriended Roland Walter Rowland at Peebles. At that time, according to the biographer of an SIS anti-Nazi section chief, "Believing Churchill to be a warmonger, Ramsay and his associates wanted to organize a parliamentary coup that would discredit him, thus bringing down the Churchill administration and replacing it with a government that would be prepared to negotiate with Hitler."<sup>8</sup>

In May 1940, despite his pro-fascist views, Joseph Ball was appointed

deputy head of the newly established Security Executive. This was a unit founded by Winston Churchill, with the assignment to "find out whether there is a fifth column in this country and if so to eliminate it."<sup>9</sup> The Security Executive oversaw the reorganization of MI-5, MI-6, and other British intelligence agencies, in preparation for the war.

His new position notwithstanding,

Ball . . . continued to use *Truth* to propagate the "Chamberlainite" view of political affairs. The paper continued to sneer at Churchill and Eden, even during the Battle of Britain. More insidiously, from Ball's point of view, the paper also championed the cause of the 18Bs—those detained in 1940 . . . mostly British fascists and foreigners of any description. The most interesting point about this particular campaign of *Truth*'s is that Sir Joseph Ball and a director of Truth Publishing Company . . . were both drafted on to the secret Home Defense Executive which was formed in May 1940 specifically to detain these supposed subversives under Defense Regulation 18B. Ball was Vice-Chairman. . . . Thus one had the curious instance of two members of the Swinton Committee, which had been set up to imprison subversive elements, running a paper that was championing the cause of those right-wing British elements whom they were supposed to be imprisoning. *Truth* was, for example, particularly outspoken in supporting Admiral Sir Barry Domville, an ex-director of Naval Intelligence and an ex-Chairman of the pro-Fascist organization Link. . . .<sup>10</sup>

In 1942, a scandal erupted in Parliament over Ball's sponsorship of *Truth*. He was kicked off the Security Executive for sabotaging the war effort. But not before he had helped to organize wartime Britain's most sensitive intelligence organization, the Double-Cross Committee.

Nicholas Elliott, the former MI-6 Africa expert who would join the board of Lonrho in 1969, was only slightly less well-known in British intelligence matters than Sir Joseph Ball. During World War II, he was a member of MI-5's B.1A, the subunit of the B division responsible for running double agents against the Nazis. Elliott was the case officer of

"Tricycle" (Dusko Popov), one of the most important agents of the Double-Cross Committee.

Elliott was on intimate terms also with the most notorious *triple* agent of the twentieth century, the famous Soviet spy in British intelligence, H.A.R. "Kim" Philby. They were the closest of friends in the 1940s and 1950s. In 1951, Joseph Ball's agent Guy Burgess fled with Donald Maclean to the Soviet Union. Kim Philby followed in 1963. These spies became infamous as double agents, who defected to the country they were working for. But the performance of Maclean and Philby, in particular, exposes them as triples: Orice in Moscow, they continued to espouse the strategic outlook of the British Empire, which they promoted through Soviet institutions like the KGB and the Institute of the World Economy and International Relations (IMEMO).

At the Double-Cross Committee, Elliott was also the control agent for Tiny Rowland! A long-time Africa hand at British SIS, who had personal knowledge of Rowland for decades, filled in the background in secret July 1989 discussions with an anti-Rowland activist in London. Nicholas Elliott, according to the SIS man, was stationed on Double-Cross work in Hamburg, under the codename "Rebecca," near the end of the war. Remarkd the source on Rowland's role with Double-Cross, "We needed someone who looked the [Nazi] part." But, he emphasized, "His record will never be made public." He added, "Rowland's SIS control today is Commander Stevenson. Mention that name, and watch him go through the ceiling."

Also at the Double-Cross Committee, Elliott worked with Captain Stefan Klein, a reputed homosexual lover of Rowland. Klein, too, would later work for Lonrho, in an informal capacity. In the 1970s, he would help Lonrho acquire the rights to produce the Wankel engine.

According to a friend of Rowland who also knew Klein, "He was quite a key figure in that sort of thing [intelligence] during the war. He's always kept that fairly quiet, so I am not sure whether one should bring it out. But he did, I know that. And he was given his British citizenship and that sort of thing, because of that. Because he was an Austrian. . . . He was fluent in French, English, and obviously German and he could speak each as if he was from that country. The sort of thing he loved to do in conversation, he'd break into all three languages.

"And the story goes that under this 18B they picked up Klein and he

was lodged with what they considered a lot of fairly high-risk people somewhere near the Brompton Oratory in Knightsbridge, in the very first days of 18B, Brompton road, a place they had there. And Klein was horrified at this, because he was a great socialite. And he was quite bright. He went to the governor of the establishment, and he said, 'Look, I know you are looking for two people you think are Germans, among the people here. You'll never find them, but I will find them for you, if you set me free.' They said, 'Nonsense.'

"But as it happens, someone came to see him a few days later, and he did identify two people and he did get out. But of course they didn't trust him, so he was confined to the flat. What they used to do then, when they captured prisoners from abroad, they used to put them in this sort of debriefing place. And when they got someone important, they sent this chap [Klein] as another prisoner. And he would get into their confidence. . . . He was a great friend of Ian Menzies, brother of Sir Stewart Menzies ['C', the wartime MI-6 chief]."

The war ended, but the old ties remained. When the time came for Rowland's recruitment to Lonrho in 1960-61, the sponsorship of the intelligence clique got him past formidable hurdles.

The Anglo American Corporation, a major stockholder in Lonrho, objected to the choice of Rowland. As a former business associate recalled, "When Rowland was suddenly interested [in joining Lonrho], Anglo's Oppenheimer, at a very late hour, objected, as did his London crowd. And they went to see Drayton and company and objected strongly. And what is more, they got somebody . . . I don't know who, to find Tiny's file with the Home Office and they discovered, which nobody knew then, very few people knew then, that he was Mr. Fuhrhop, etc. etc. etc. Tiny was absolutely stricken! But to his credit, Drayton stuck up for him. And fought Anglo and stood his corner. And I think he threatened Anglo, God knows with what, but he did. Drayton was a toughie. And Anglo backed down. This was over the deal where he got into Lonrho, he got the 1.5 million 5-shilling shares and the option for the further 2 million."

If Harley Drayton had been promoting a nonentity, he would hardly have gone to such lengths to defend the appointment when it turned out the man was an old Nazi sympathizer! But Drayton knew precisely what he was getting in Rowland, because the chairman of his South African and

Rhodesian companies, Sir Joseph Ball, would have told him: a pro-Nazi British SIS operative. The pro-Nazi Ball, whose work with *Truth* showed him to be a vicious racist, no doubt thought that another old pro-Nazi, Rowland, would be perfect to set up the new East India Company for Africa, to loot and steal from the "inferior races."

That the murky wartime connections hold the key to Rowland's career, was admitted indirectly by Rowland himself. On October 26, 1989, a New York-based journalist asked Rowland about his wartime activities with Elliott and Ball. Rowland virtually never talks to the press about his personal background, but once the line of questioning became clear, he had some questions of his own to ask.

Q: Nicholas Elliott was your case officer during the war.

Rowland: Very interesting. Go on.

Q: When did you first know Joseph Ball?

Rowland: That's none of your business. Why should I want to talk to you?

Q: When word gets out about you working for the XX Committee, that will be quite explosive.

Rowland: Explosive? Why? In what way? . . . You feel I was working for Intelligence?

Q: I think it is a near certainty.

Rowland: From when on, do you think?

Q: From 1939 probably.

Rowland: I was working for British Intelligence? Well, that's interesting. What else have you got to say about my work in the Fifties and the Forties, with Nicholas Elliott and Joseph Ball? . . . What was I doing with Captain Ramsay?

Rowland has always concealed his connections with Joseph Ball in the 1940s and 1950s, insisting that he knew neither Joseph nor his son Alan until circa 1961, when he came onto the Lonrho board. The reason for concealing the wartime relationship goes to the deepest secrets of the Double-Cross Committee.

The Double-Cross work has become a legend of the effectiveness of British intelligence. But there was a fly in the ointment, as John Costello

noted in his recent biography of Soviet spy Anthony Blunt, *Mask of Treachery*: "Unfortunately, only after the war was it realized—in both London and Washington—that some key German agents in the Double-Cross operation were really Soviet-run Triple-Cross agents."<sup>11</sup> One star XX agent was Soviet agent Lily Sergueiev, niece of Gen. Nikolai Skoblin, a kingpin of the infamous 1920s Soviet penetration and deception scheme, the Trust.

There was no more sensitive position in British wartime intelligence than the Double-Cross Committee. A double agent had to send a great deal of true information to the Nazis, in order to establish credibility for the false information to follow. Masterman described the risks inherent in this practice:

This process implies that he must communicate a great deal of true information: but who is to decide what he may be allowed to divulge? . . . The solution of this difficulty was found in the creation, in January 1941, of the Twenty Committee . . . which held weekly meetings from then until May 1945. The essential purpose of the Committee was to decide what information could safely be allowed to pass to the Germans, and what could not—in other words to assess the probable gain of a proposed release against the loss involved in supplying a particular piece of information to the enemy. . . . In communicating with the enemy from day to day in time of war we were playing with dynamite, and the game would have been impossible unless 'approving authorities' had been willing to assume this ultimate responsibility.<sup>12</sup>

Furthermore, "it cannot be too strongly stressed that the running of double agents in wartime demands the close cooperation of many departments, and complete confidence between them, or rather between their representatives on what may be described as a working level."<sup>13</sup> No wonder the Double-Cross apparatus was a hotbed of Soviet spies. It was the crossroads of all the various intelligence departments, as well as the repository of Britain's most sensitive wartime information.

The triple-cross problem was by no means confined to the footsoldiers of the XX Committee. Most of the leading figures in MI-5 and MI-6,

charged with overseeing the XX operation, either exposed themselves as simultaneously working for Moscow, or remain under strong suspicion of it. These included Guy Liddell, the reputedly homosexual head of MI-5's B Division that directed the double agents, and Liddell's friends Guy Burgess, Kim Philby, Anthony Blunt, and Lord Victor Rothschild.

Not all the Soviet double and Anglo-Soviet agents in the Double-Cross work were revealed, however. In 1963, Rowland's wartime case officer, Nicholas Elliott, went to Beirut on assignment to confront his old pal Kim Philby with evidence that SIS "mole-hunters" had accumulated, showing Philby was a Soviet spy. Elliott's questioning of Philby, as demonstrated by a tape recording of the event, was unprofessional; many said that Elliott did not interrogate his old friend, but tipped him off. Three days later, Philby defected to Moscow. For his role in the affair, Elliott himself "left the service under a cloud," according to one SIS insider.

The extreme sensitivity of matters concerning the Double-Cross system has to do more with its function as a pipeline to Soviet intelligence, than with its anti-Nazi work. In the post-war era, the rising new empire in world affairs was the Soviet Union, and the wartime connections of British intelligence to the Soviets would be of great importance in this new world. Nowhere was this more true than in Africa.

The kingpin of postwar British policy for Africa, Sir Andrew Cohen, was close to Philby's circle. He died on the eve of his interrogation by MI-5.

The British grand strategy for recolonizing Africa entailed the creation of nominally independent new states, with an infrastructure of British civil service and intelligence. The leaders of the new nations were carefully groomed in socialist economic policies, the results of which would ensure that their independence was in name alone. Thanks to the radical Fabianism of many of the new leaders, the Soviets would acquire a greater field of activity in the continent—at least for the moment.

How did the pro-Nazi former Double-Cross operative and now head of Lonrho, Tiny Rowland, orient himself in the new period of African socialist radicalism?

A former Rhodesian intelligence specialist, speaking in 1989, provided an insight. "There was a conversation which took place in the early 1970s at Lonrho Headquarters," he said. "Some of my friends were there, and the meeting was in the presence of [Lonrho board member Robert]



Dunlop. Rowland was asked, 'How can you support people like the ANC, ZANU, ZAPU [pro-socialist liberation movements in South Africa and Zimbabwe] when you know that these people are supported both ideologically and financially by Moscow?'

"Tiny Rowland replied, 'As far as I am concerned the whole of Africa can go communist and would be the better for it. The communists have the ability to manipulate the people, but the business must stay in capitalists' hands. At the top, communism and capitalists are bedfellows.' Then my friend asked, jokingly, 'I suppose you would want Great Britain to go communist?' Rowland replied, 'Of course. It would be easier to handle, both from a social and an economic point of view.'"

Throughout the 1970s and 1980s diamond dealers and other visitors to Moscow spied the Lonrho jet flitting in and out of the city, while the Kremlin's agents in Africa received much succour from the Lonrho boss. The old Nazi wrapped himself in a new flag, but underneath, the business of the Empire continued to grow.

#### Notes for Chapter 4

1. J.C. Masterman, *The Double Cross System* (New York: Avon Books, 1972), p. 27.
2. *Dictionary of National Biography*, 1961-70.
3. Richard Crockett, *Twilight of Truth—Chamberlain, Appeasement and the Manipulation of the Press*, p. 9.
4. John Costello, *Mask of Treachery* (New York: William Morrow & Co., Inc., 1988), p. 323.
5. Barrie Penrose and Simon Freeman, *Conspiracy of Silence: The Secret Life of Anthony Blunt* (New York: Farrar Straus Giroux, 1986), p. 187.
6. Crockett, p. 161.
7. *Ibid.*, p. 11.
8. Anthony Masters, *The Man Who Was M: The Life of Maxwell Knight* (United Kingdom: Blackwell, 1985), p. 81.
9. Christopher Andrew, *Her Majesty's Secret Service* (New York: Viking, 1986), p. 478.
10. Crockett, p. 183.
11. Costello, p. 405.
12. Masterman, pp. 35-36.
13. *Ibid.*, p. 37.

## FIVE

### Early Days in Africa: Cheating, Lying, and Stealing

*Business in Africa from drygoods to chrome. . . . The Rio Tinto connection. . . . Recruitment to Lonrho. . . . Dubious assets. . . . "Part of the action" for Ogilvy and Ball. . . . The Rhodesian mines. . . . Inyati copper. . . . An arrest for fraud*

The end of World War II found Tiny Rowland in London. Though "he hadn't got a bean," according to one of his friends at the time, Rowland kept up appearances. He dressed well and lived at a posh address near the Claridge Hotel. He worked several jobs, driving a hire car by day for the London and Aero Motor Services Co., and selling chickens to night clubs by night.

One day Rowland happened to chauffeur a businessman, Robert Cleminson, who was impressed with the well-dressed, well-educated young man. Soon, the two were partners in a booming company called Articaire, which made refrigerators, a popular new item in postwar Britain. The company made good money, but Tiny Rowland soon fell out with Cleminson and another partner. He was apparently also in trouble with the tax authorities, and around 1948, he decided to move to Africa.

Rowland first stopped in South Africa, where he stayed with a fellow former internee from the Isle of Man. Then he visited Rhodesia. According to his own (therefore unreliable) account to a friend of his at the time,



Rowland took up an option to buy a drygoods store. Almost overnight, he sold his option for £2,000, a fair sum in those days. On his way to inspect the store, located in Eiffel Flats near the small town of Gatooma, midway between the Rhodesian capital of Salisbury and the provincial town of Bulawayo, 450 miles southwest of Salisbury, he happened to see a farm for sale, as Rowland's old friend recollects his account of the matter. With the proceeds of the option sale, he bought the farm, Shepton Estates.

Rowland soon brought Eric Smith, his former boss at London and Aero Motor Services, to Rhodesia as a partner in the farm. "Tiny was particularly keen on Smith's wife," said an associate from those days, and it wasn't long before Tiny fell out with Smith.

No success as a farmer, Rowland looked elsewhere to make his fortune. He worked for a while for the Cleminson brothers, who came to Rhodesia in 1950. He made several trips to India on behalf of the Cleminsons' trading company, on which experience he later based his boast of being a big-time arms dealer working with the well-known Indian politician, later Defense Minister of India, Krishna Menon. Rowland told a business partner of his, that the British government employed him to sell arms to India and he "swept the board" of American and other competition.

According to a person who knew both the Cleminsons and Rowland in those days, Rowland's account was ludicrous. "It's absolute rubbish. He knew him [Menon] through the Cleminsons. They knew him very well. But Tiny hardly knew him. . . . He had nothing to do with Krishna Menon, nor would he have seen him there [in India]. Krishna Menon was by that time High Commissioner in London, the first Indian High Commissioner in London."

In 1953, the British government established the Central African Federation, comprised of Northern Rhodesia (now Zambia), Nyasaland (Malawi), and Southern Rhodesia (Rhodesia/Zimbabwe), with its capital in Salisbury. The aspiring businessman Rowland bought an estate in Salisbury, where he installed, in luxurious style amid Persian carpets, the wife he had stolen from Eric Smith. "Tiny had a hostess-cum-prostitute, Irene Smith, who ran his house in Salisbury, High Noon," said an acquaintance from those days. "Part of her job was to offer her favors to visiting dignitaries, which she did with great aplomb." Perhaps this was why, as biographer Dick Hall reported, "[T]hroughout their long relationship Tiny

would always insist, before introducing his business associates to her, that she was not his mistress and never had been."<sup>1</sup>

The transaction that launched Rowland on his business career, the sale of a chrome mine, was apparently based on fraud. An old friend told the story: "Tiny got a forward contract with the chrome so that he was paid quite a bit of money, so much deposit, so much at the railhead, so much at [the Portuguese African ports of] Lourenco Marques or Beira, and so much when it arrived wherever it was going. But there were also heavy penalties if the chrome shipped wasn't a sufficient percentage chrome, or had other impurities. He bought all his equipment from his main farm supplier, which he could get on credit, and he got some advance from the people he was selling to, which was Darby and Co., which was a big commodities broker. And he was starting to do quite well. But the trouble was the chrome was beginning to arrive at the other end, and it was not up to specification.

"And then he had to get out of trouble and he sold the mine to a company called Northern Mercantile, I think it was, quite a big outfit. And they always said, 'Tiny didn't know what he was selling and we didn't know what we were buying,' but they closed it, put it on maintenance within about half a year or a year, and closed it altogether within two years. But I think Tiny did know what he was selling. The deal was done through [Tiny's old partner from Articaire] Jack Carvill."

According to another source, Rowland was also trying to cheat his partner in the chrome deal, Baron Rukavina from Yugoslavia. Rukavina bested Rowland in court, but the Baron was killed in a car accident shortly thereafter.

The chromium scam and automotive distributorships made Tiny some money, but his career did not skyrocket until he linked up with the Rio Tinto Company in the late 1950s. This firm would later merge with Zinc Consolidated Co. to become Rio Tinto Zinc.

In the late 1950s, Rio Tinto was expanding its mining assets. Rowland approached the company with several potential deals, the most important of which was a scheme for Rio Tinto to acquire Cam and Motor Gold Mining Co., based a few miles from Rowland's farm in Eiffel Flats. A small number of Cam and Motor shares, but also the very lucrative contract to

manage its mines, happened to be held by London and Rhodesia Mining and Land. Rowland's negotiations were recounted by a former associate:

"Tiny went to London and he saw [Rio Tinto chairman] Val Duncan, which was difficult in itself, but he got in to see him and he said, 'Look, you're spending money trying to explore things and you're just losing, because you're not getting anywhere at the moment. Why don't you do the opposite, and use the money to buy a capital asset which is an existing gold mine and you can use the profits from that to do your investigations?' . . .

"He [Duncan] said, 'What do you want me to do?' And Tiny said, 'Just tell my bank in Rhodesia, if asked, there is x amount of funds available to buy shares. That's all I want you to do at this stage, just say that those funds are available. And they did that and when he went to see Lonrho, they said, 'How do you have the money?' [to buy enough shares, including Lonrho's, to control Cam and Motor]. He said, 'Ask my bank.' "

When the acquisition of Cam and Motor shares from Lonrho and others was arranged, Rowland revealed that the real purchaser was Rio. "So he was Rio's blue-eyed boy. He had come up with the idea and actually done it," said the former old associate.

Rowland rapidly became a major player at Rio Tinto. He would later describe himself as Rio's "finance and commercial director in Africa."<sup>2</sup> Even after he joined Lonrho, he remained a well-paid consultant to Rio Tinto, until 1969.<sup>3</sup> This was a gross violation of his Lonrho contract, which specified: "During the continuance of this Agreement and subject as hereinafter provided Mr. Rowland shall devote his whole time and attention to his duties as Joint Managing Director of the Company and shall do all in his power to promote develop and extend the business of such Company and shall not directly or indirectly engage or be concerned or interested in any other business of any kind whatsoever (except as a shareholder or debenture holder of any limited liability company not carrying on business of a similar kind to the business of the Company). . . ."<sup>4</sup>

The petty wheeler-dealer from the African boondocks, Tiny Rowland, readily obtained an audience with the high-and-mighty Brigadier Val (later Sir Val) Duncan. Presumably his calling card was the same that got him in with Angus Ogilvy, Harley Drayton, and Sir Joseph Ball of Lonrho.

As Rowland's old associate remarked about the chromium mine deal,

"The question with these companies is respectability. You can't just do it [negotiate deals] if you are somebody out of the blue."

According to the story that Rowland, Angus Ogilvy, and Alan Ball always offered for public consumption, Harley Drayton sent Ogilvy out to Africa in 1961 to recruit a dynamic manager, to breathe life into the London and Rhodesia Mining and Land Company. Before the Standard Bank introduced Ogilvy to Rowland in Salisbury in April of that year, their story goes, Ogilvy and Ball did not know Rowland.<sup>5</sup>

But there is plenty of evidence to show otherwise. Rowland "had probably known Ogilvy since 1957," reported Cronjé et al. in *Lonrho: Portrait of a Multinational*,<sup>6</sup> but, as Dick Hall put it, he "chose to gloss over an earlier relationship." According to other sources, Rowland and Ogilvy worked together in 1957-58 on a scam called the Kanyemba gold mine<sup>7</sup>; it was a site Rowland knew to be exhausted, but he promoted the mine's stock as if it were a major strike.<sup>8</sup> Former Lonrho executive E.G. Wallace asserted there was "indisputable proof" that Ogilvy's handwriting appeared with Rowland's in the flotation of Kanyemba Gold Mines shares in 1958.<sup>9</sup> One of Rowland's early business associates reports seeing Ogilvy in 1958 at Rowland's Shepton Estates farm, which was at Eiffel Flats, just a few miles from Kanyemba.

As for the Balls, father and son, beyond their likely familiarity with Rowland since Double-Cross days, they were deep into business deals in Rhodesia during the 1950s when Rowland also was. "Certainly he [Rowland] knew the Balls in the 1950s before it is generally said," insisted a source with experience in Rhodesia, "I mean it was a very small world in Southern Rhodesia at the time. The white population was very small, so, of course, everyone in business knew each other. I was there at the time."

Joseph Ball died in July of 1961, but under the benevolent eye of Harley Drayton, the deal was finalized among his son, Lonrho Managing Director Alan Ball, Drayton's representative Angus Ogilvy, and Tiny Rowland, for the latter to join the company as joint managing director. At the August shareholders' meeting that approved Rowland's recruitment, Alan Ball said, "I have the greatest respect for Mr. Rowland's business capabilities, particularly in the field of negotiation—and I think I am in a good position to judge, having carried out these somewhat extensive negotiations with him over the past few months."<sup>10</sup>

The deal entailed a massive deception of Lonrho stockholders, the first of many to come.

In return for one and a half million Lonrho shares and a purchase option on two million more shares, Rowland turned over most of the assets of his holding company, Shepton Estates (Private) Ltd. Lonrho's directors valued Rowland's assets at £700,000. These included the Kanyemba Gold Mine; Norton Development Co., Ltd., which had Mercedes-Benz motor car dealerships in Northern Rhodesia (Zambia) and Southern Rhodesia (Rhodesia); Consolidated Holdings, dealers in spare motor parts; and Mashaba Gold Mines Ltd. Rowland added in AOP of Rhodesia, Inc., which owned nothing except for the rights to negotiate construction of an oil pipeline from Beira in Mozambique to Umtali in Rhodesia.

For various reasons, including the heavy discount usually taken on overseas holdings, Lonrho's directors recorded Rowland's assets on the books at £375,099. Directors Ball and Ogilvy, who were handling the negotiations, claimed to stockholders that as a result of the assets acquired from Rowland, Lonrho's profits would rise by £180,000 per year, more than doubling previous pre-tax profits of £158,000 for 1960/61.

Harry Oppenheimer's Anglo American Corporation and Lord Robins' British South Africa Company, stockholders in Lonrho, opposed the arrangement—partly because it was too favorable to Rowland, and partly because of Rowland's internment during World War II. They acquiesced to the wishes of the major stockholder, Harley Drayton, and the deal went ahead.

Scandal broke out within a few months, when Rowland's assets were exposed as drastically overvalued. The Kanyemba gold mine comprised almost half the total Shepton Estates purchase price of £375,000. The January 1962 Lonrho Annual Report admitted that Kanyemba's proven ore reserves were only one-third what Rowland had stated them to be, and that "probable reserves," instead of the 600,000 tons claimed, were zero. The life of the mine, estimated during the sale at twenty years, was now set at eighteen months. The Kanyemba share price, which was 8-9 shillings in the late 1950s, plummeted to under 3 shillings. Norton's profits were 40 percent less than anticipated, and Mashaba, instead of turning the expected profit of £36,000, lost £10,000.

Rowland had not peddled worthless assets to Lonrho by some mistake. Once a rich mine, Kanyemba had petered out, as Rowland well

knew.<sup>11</sup> A former business associate of Rowland recalled, "Rowland told me that he bribed a crooked geologist from Johannesburg named Rademeyer, who 'salted' the mine."

The Rowland arrangement came in for renewed heavy criticism, and was much discussed at Lonrho board meetings in 1962 and 1963. Nonetheless, "The Board took no action against Mr. Rowland in respect of the deficiencies of the assets that he had transferred to Lonrho."<sup>12</sup> And no wonder, since Rowland had key board members Ogilvy and Ball on the take. Like the whole deal, this bribery had the personal approval of Harley Drayton.

Angus Ogilvy later recounted the events for DTI inspectors.

What happened was that there was a meeting with Mr. Drayton, Alan Ball, Tiny Rowland and myself, to discuss the deal in general . . . some time in the summer of '61, . . . May/June I would have thought, and as I recall it, the deal was that Rowland was to get 1 and 1/2 million shares in return for certain assets. On top of that he had an option on a further 2 million shares at . . . 6 shillings. . . . And two things happened. Harley Drayton said that in his view the price ought to be 7 bob for the option, which Rowland accepted, and at more or less the end of the conversation after various things had been discussed, he said: "Would Mr. Drayton (this had not been discussed with me at all previously) have any objection if Ball and I had part of the action, as he felt we would be going to play a part in it." And Mr. Drayton said: "No." In principle he had no objection.<sup>13</sup>

Though he attempted to claim the arrangement for "part of the action" was struck only *after* the Lonrho deal, under persistent questioning, Rowland substantiated Ogilvy's recollection.

Rowland: When I met Harley Drayton (there were several meetings, perhaps a dozen meetings between Harley Drayton, Angus Ogilvy and Alan Ball between April and September 1961) he said something about "I hope you three will become friends and stick together," or something like that, because

after all there was not very much in the company at the time, and Angus was then his personal assistant. . . .

DTI: But the meeting which you refer to, and which you have referred to so often (and so have other witnesses, both Ball and Ogilvy), was when the three of you were in Harley Drayton's office, and is it correct that you asked Harley Drayton whether he had any objection to you at some stage giving them part of the action?

Rowland: I think it was more or less like that. . . .<sup>14</sup>

The "part of the action," in Rowland's mafia terminology, was an option granted by Shepton Estates to Ogilvy to acquire 100,000 Lonrho shares at 7 shillings and 100,000 more at 10 shillings. Ball was offered double that amount. The two took their "part of the action" in 1968.<sup>15</sup> These arrangements, struck before the Lonrho deal was signed in August 1961, *were not revealed to the other directors, nor to Lonrho's stockholders.*

Ogilvy expressed his gratitude to Rowland for the option and other favors, in a letter dated October 5, 1961.

My dear Tiny

I wish I felt able even to begin to thank you for all you did when you were over this time—the option, the cases, the flat [apartment]—everything—but it's impossible. I only hope you realize how grateful I am. It'll make a tremendous difference to my personal life. . . .

See you very soon I hope. Don't stay away for too long—life gets boring! Once again many thanks for everything.

Yours ever

A

While Ogilvy and Ball's "part of the action" stayed hidden until the DTI investigation in the mid-1970s, the secret relationship was used to defraud Lonrho shareholders in several other schemes, one of which involved Rowland's two million-share purchase option.

Under the original option, Shepton Estates had the right to purchase

two million shares of Lonrho stock at 7 shillings per share until August 15, 1966. In November 1965, Rhodesia made its Unilateral Declaration of Independence (UDI) from Britain. UDI posed a problem for Rowland and Lonrho. If Shepton Estates exercised its option to buy more Lonrho shares, 45.3 percent of Lonrho would be held in white-ruled Rhodesia, which would be bad publicity for Lonrho's other African ventures. Also, Shepton Estates was subject to control by Rhodesian authorities, so its acquisition of such a large stake in Lonrho would bring Lonrho under their scrutiny.

Rowland, Ball, and Ogilvy cooked up a renegotiation of Rowland's option. Instead of the right to purchase two million shares at 7/- per share until August 15, 1966, he received the right to take up two million shares at 7/- per share until August 15, 1966, at 7/3 from August 15, 1966, until April 29, 1969, and at 7/6 per share after April 28, 1969, until April 29, 1971. Under the original option, the shares taken up were not eligible for a dividend until the company's next financial year. Under the new terms, the shares could receive dividends declared for the year before or after the option date, provided the option was exercised before such dividends were declared. The revised terms were quietly slipped past Lonrho shareholders in April 1966.

In January 1967, Rowland formed a company in the Bahamas, Yeoman Investments Limited, to exercise his option. Yeoman borrowed £725,000 *on Lonrho's credit line*, to buy Rowland's shares. The necessary exchange control approval came through only on March 3, 1967. Lonrho chairman Alan Ball postponed the scheduled board meeting of March 3 until March 6, to give Rowland time to buy the shares. Then at the March 6 meeting, right after Rowland's option was approved, the company declared a final dividend for the year 1965/66. Under his revised option arrangements, Rowland collected not only all the dividends for 1966/67 but also, thanks to the postponement of the meeting, the 1965/66 dividend as well. The cost to Lonrho stockholders was £262,500, not counting the £725,000 of Lonrho's credit line which Rowland had used for the purchase.

Soon after Rowland took up his new shares, a Lonrho board meeting chaired by Alan Ball decided on a one-for-one bonus issue of stock, the first bonus since Rowland joined in 1961. This was worth another two



million shares to Rowland. Then Ogilvy and Ball received their "part of the action." Rowland gave Ball and his family trust a 20 percent share in Yeoman Investments, and 10 percent to Ogilvy and his family trust.<sup>16</sup>

Lonrho then experienced an unprecedented burst of expansion. The new shares were worth around £2 million in June 1967, £4 million in March 1968, and £15 million by early 1969. The DTI inspectors concluded, "Thus the settlements made on Mr. Ball and Mr. Ogilvy of 20 percent and 10 percent respectively of Yeoman Investments' share capital were of substantial value."<sup>17</sup>

The DTI inspectors asked Lonrho board member Andrew Caldecott, how Rowland would have influenced Ogilvy and Ball.

DTI: Would you say that one of Rowland's tactics was to make promises to people and sometimes fulfill them and make them dependent on him?

Caldecott: Absolutely, you have hit the nail right on the head. I would have said that was his absolute policy.

DTI: And anybody he could in some way or another get under his own influence by them owing him a debt of gratitude?

Caldecott: Yes, that was absolutely cardinal policy, principle number one.<sup>18</sup>

Board member Major McKenzie saw matters in a similar light.

DTI: Nobody inquired why this [gifts of Yeoman shares to Ogilvy and Ball] had taken place?

McKenzie: Well, it was fairly obvious why it had taken place.

DTI: Well, why, why was it obvious?

McKenzie: Well, it meant that Tiny was certain of two votes, did it not, really? . . . [I]t meant that he had a complete hold, and so one recognised the fact that he had a complete hold.

DTI: On those two?

McKenzie: Yes, and therefore we were completely cautious about, for instance, conversation with Angus.<sup>19</sup>

Harley Drayton's three musketeers were usually joined in their schemes by Lonrho finance director Fred Butcher. He was the one who travelled to the Bahamas to set up Yeoman for Rowland. Alan Ball testified to the ironclad control Rowland held over the board:

DTI: And once the three of you plus Mr. Butcher had agreed on something then it went through the Board, didn't it?

Ball: We had to persuade the Board and we had some fairly awkward customers who needed a lot of persuasion, but I think it is true to say that the Board had sufficient confidence in the four of us that if we strongly recommended something it would have been unusual for them to reject it. . . .

DTI: Did they ever reject anything which the four of you had agreed on?

Ball: I can't recall an instance but there may have been.<sup>20</sup>

With typical understatement, the DTI inspectors commented that these actions of Rowland, Ogilvy, and Ball "merit severe criticism."

While Rowland had Ogilvy and Ball in his pocket, he terrorized the other board members by threatening to quit, if the board did not give him his way.<sup>21</sup> Lonrho director William Wilkinson later recalled that Rowland was "over-emotional and extremely ill-tempered," given to displays of rage "which on many occasions have caused me seriously to call in question the state of his mental health."<sup>22</sup>

Not everybody was as docile as the Lonrho board, about the fraudulent assets foisted by Tiny Rowland. "Soon after Kanyemba Gold Mines' Annual General Meeting in Johannesburg early in 1962, angry shareholders, who felt that they should be compensated on at least the same terms as Rowland had been when he sold his interest in Kanyemba to Lonrho, were reported to be planning a protest meeting and demanding a public inquiry into the drop in the share price."<sup>23</sup> During the next couple of years, Lonrho moved to quiet the protest by offering a very favorable price for Kanyemba shares. And there was dirty dealing once again.

A firm called Coronation Syndicate (Corsyn), of which Lonrho and its subsidiaries owned 32 percent, was offering to trade its own shares for Kanyemba shares not owned by Lonrho. Lonrho also was bidding for



additional Kanyemba shares, but inflated the price it offered, in order to placate Kanyemba shareholders. Lonrho then swapped its Kanyemba shares and other mining assets for shares of Corsyn. By late 1964, the Lonrho group owned 62 percent of Corsyn. Though Lonrho lost money on the inflated Kanyemba shares, it recouped by receiving more Corsyn shares than it otherwise would have. The DTI summed up: "In effect, therefore, the cost of the public relations exercise relating to Kanyemba was borne by the outside shareholders in Coronation Syndicate not by the Lonrho group."<sup>24</sup>

The methods by which Rowland and his cohorts profited from Lonrho were the same as those by which the company itself, under his guidance, made headway. Rhodesia after the 1965 Unilateral Declaration of Independence was an arena for large Lonrho ventures.

"It was the two copper mines of Nyaschere (Shamrocke) and Inyati that were without question Lonrho's most successful mining ventures inside Rhodesia after UDI," reported Cronjé et al. "Nyaschere, a mine in which Lonrho in London had a fifty percent interest; was said in the same year [1973] to be earning profits of the order of 600,000 lbs."<sup>25</sup> On both mining projects, Lonrho stockholders, among others, got the short end of the stick from Rowland, Ogilvy, and Alan Ball.

The Shamrocke copper mine was discovered in 1958 by Rhodesian prospector Mike Reynolds, who was in a partnership with his half-brother Paul Krige and his father-in-law, Col. H.S. Nesbitt. The resident geologist for the Anglo-Vaal Corporation in Rhodesia offered Reynolds £50,000 for Shamrocke, but Reynolds believed the mine to be worth much more. It had been worked hundreds of years before, and native Africans told legends about its rich veins. Reynolds held out for a better offer.

Mike Reynolds lacked funds to finance further prospecting himself. People in the mining industry referred him to Tiny Rowland as "the one man who could handle a mine this size." The story of the swindles that followed is told in sworn affidavits by Reynolds, on file with South African and British authorities, supplemented by the DTI report.

It was at this meeting [in June 1958] that it was agreed between Rowland and myself that Rowland would put up £1,000 and that we would form a company to exploit the

Nyaschere Mine claim on a 50/50 basis, 50 percent to myself and 50 percent to Rowland. This £1,000 was made available immediately after the meeting, i.e. long before the company was formed. The money was produced virtually immediately by Rowland but at all times he boasted to me that someone else or other people had found all the money. I can remember him saying, "Mike, never use your own money, always use somebody else's." He was fond of saying this and used it in connection with this particular transaction.

The arrangement that I had with Rowland was that he would dispose of the mine without developing it himself, i.e. he would sell it to someone interested in developing and running the mine. He told me that whereas if I had sold it myself directly I might have got £75,000 from Anglo-Vaal, if he sold it he should be able to obtain a million from somebody.<sup>26</sup>

Rowland negotiated an agreement with the major mining house, Rand Mines of South Africa, for Nyaschere, the firm of himself and Reynolds, to receive £100,000 cash, £100,000 in nominal shares in any company formed to exploit Shamrocke, and the right to subscribe to 12.5 percent of the shares in such a company. Over the next three years, Rand Mines sunk about £300,000 into Shamrocke, and things seemed to be moving along well. Then, as Reynolds testified, Tiny Rowland made his move.

When I first had dealings and became associated with Rowland he was always very considerate and could not do enough for me and kept me completely in the picture on all matters relating to Nyaschere Copper. Before Rand Mines pulled out in 1962, i.e. in or about 1961, the middle of, I had differences of opinion. These disagreements were the result of Rowland's apparent homo-sexuality. From this time onwards he no longer was as friendly as he had been, nor did he keep me in the picture particularly he did not let me know in detail the financial operations in Nyaschere. We both had signing powers on the company's bank account. I went to a local trader in Karoi to buy food for the labour and offered him a

cheque and was told by the trader, a man by the name of Paul Downey trading under the style 'Karo Trading' that I was not entitled to sign cheques. I went straight to the bookkeepers, namely Turner Williams . . . and was informed by them that at a meeting which I had attended my signing powers had been cancelled. I never attended any such meeting. I accordingly claim that this meeting must have been a fraud perpetrated by Rowland who was trying to move me out from any controlling position in the company.<sup>27</sup>

It was not long before Rowland told Reynolds, as the latter recorded in his affidavits, "Mike, you are a comparatively poor man, whereas I am a comparatively rich man. As long as I live, and you have a share in Nyaschere, the Shamrocke will remain a hole in the ground."

Reynolds and his in-laws, with help from Rhodesian government officials, lined up at least a half a dozen lucrative offers for the purchase of Nyaschere. But Rowland would typically demand £3,000 for a three-day option, or thousands of pounds just for the privilege of inspecting the mine. Predictably, every offer came to naught.

In 1966, a Rhodesian hotel venture in which Reynolds was involved went bankrupt. Tiny Rowland went to the bankruptcy trustee with an offer of £250 for Reynolds' 50 percent share of Nyaschere. Convinced by Reynolds that the shares were worth more, the trustee held out. Rowland called up £2,000 in share capital, calculating that the trustee would not pay Reynolds' half, but thanks to a loan from a local mining house he did. The same mining house was prepared to pay £160,000 pounds for all the Nyaschere shares, a good price for the entire company. But Rowland would not sell his share. Ultimately Rowland bought Reynolds' shares, using £18,500 from a Lonrho subsidiary, to acquire full control over the Shamrocke mine for himself and Lonrho. A few years later, when he was making an offer to sell his half of the mine to Lonrho, Rowland priced it at £700,000!

Rowland left other victims in his trail of fraud related to Nyaschere. Half of his initial £1,000 he had raised from Graham Beck, a Johannesburg businessman with whom he had collaborated on the Kanyemba gold mine and other projects. Because of South African exchange restrictions, Beck asked Rowland to hold his 25 percent share of Nyaschere in Rowland's

name. In return, Rowland gave Beck two letters stating that Beck owned 25 percent of Nyaschere.<sup>28</sup> Having knocked Reynolds out, however, Rowland denied that Beck had quarter ownership. The price of copper was starting to rise at that time. Only in the mid-1970s, was a lawsuit over Nyaschere settled in Beck's favor in a London court.

Rowland defrauded Beck and Reynolds of their share of Nyaschere; he apparently acquired his own half share by cheating Lonrho shareholders of what should have been theirs. In 1961, when Rowland was joining Lonrho, a Lonrho geologist proposed including Rowland's share of Nyaschere in the package of assets, as a "good hedge against some of the others [assets] not turning out as they appear to be."<sup>29</sup> The DTI discovered a document at Lonrho headquarters, titled, "Notes and Comments by R.W.R. on the Agreement between Shepton Estates and Lonrho," indicating that this was supposed to be done. The first item on the list concerns Nyaschere.

1. Page 1, para (1) (b) of the Recital.

This is to be deleted and the Company to receive a letter from Mr. R.W. Rowland undertaking that should the Company at any time desire to operate on the Shamrocke Copper Prospect, then he would be prepared to make over such claims. In view of the above, para (1) (b) should be deleted."<sup>30</sup>

The DTI inspectors speculated that the deletion was made because Rowland would hardly want such an agreement involving Shamrocke to become public, risking protestations from Beck that Rowland's interest was only 25 percent, not half as he was telling Lonrho. Nearly everything else on the document was incorporated in the final agreement.

John Mills, Lonrho director during the 1961 talks, remained adamant that Rowland had made such a stipulation about Nyaschere, although no letter could be found in Lonrho files. The DTI inspectors observed, "It is clear from the evidence available to us that Mr. Mills was highly regarded as a meticulous man and as a man who was prepared to stand up to Mr. Rowland. Equally it is clear from the evidence of Mr. Ball, Mr. Rowland, Mr. Butcher, and Mr. Caldecott that Mr. Mills believed that Mr. Rowland's interest in Nyaschere was supposed to have been included in the package

of assets transferred from Shepton Estates in 1961."<sup>31</sup> Fortuitously for Rowland, Mills died in July 1969. "He killed off poor old John Mills with a heart attack," said a London businessman experienced with Lonrho and Rowland, referring to Rowland's manic work habits.

With Reynolds, Beck, and Mills out of the way, Rowland launched major development of the Shamrocke Mine in July 1969. Although Lonrho owned only half of the mine, its subsidiaries spent several million pounds sterling developing it during the next few years, more than they were spending on any other single project, including their platinum mines in South Africa. The DTI inspectors sharply criticized Rowland for this concentration.

It is clear from the statement of assets and liabilities that if Nyaschere proved to be a success Mr. Rowland through Shepton Estates stood to gain 50 percent of the profit, whereas if the venture proved to be a failure Lonrho through LIC [Lonrho Investment Company] stood the whole loss. . . .<sup>32</sup>

In the exceptional financial conditions of 1973 and 1974 the price of copper rose far above the minimum level of £400 per tonne needed to cover the LIC loan . . . but it did not do so for a long period of time and the risk that LIC ran in financing the development of Shamrocke was very real.<sup>33</sup>

The transfer of Lonrho funds into Nyaschere went forward at a rocky time for Lonrho: P.B. Hunter, a Lonrho director, testified to the DTI.

DTI: You went to Rhodesia; what was the financial position like in early 1971 when you were there?

Hunter: Most alarming. . . . It seemed to me to be pretty obvious that they were spending far too much money on the developments which they were undertaking there.

DTI: And those developments were—?

Hunter: Nyaschere, the Shamrocke mine. Which was enormous, much bigger than the platinum mines in South Africa, and they had also developed another copper mine . . . Inyati.<sup>34</sup>

Just when the Lonrho group in Rhodesia was in "alarming" shape and the parent company in London was deep in the worst crisis of its history, Tiny Rowland raked off huge personal profits from his 50 percent no-risk Nyaschere holding.

What directors in their right mind would have approved such a massive financial commitment to a project, where the company owned only 50 percent interest? Rowland, Ogilvy, and Ball, of course, seeking their "part of the action."

Rowland wanted to move his half of Nyaschere out of Rhodesia, so as to have free access to the company's substantial dividends. In 1970, he obtained permission from Rhodesian authorities to transfer Nyaschere's ownership to South Africa, subject to all funds for the mine's development being supplied from outside Rhodesia. South Africa, for its part, agreed to allow ownership of Nyaschere to reside in South Africa, and for the foreign exchange to flow into Rhodesia, as long as the funds for its purchase originated outside South Africa. Through the good graces of Angus Ogilvy, a board member of the Canadian Bank for Imperial Commerce, the CBIC extended a \$2,000,000 loan to Yeoman Investments, so that Yeoman could set up, through cut-outs in Switzerland, a South African firm to own Nyaschere. This new entity was to be owned half by Yeoman and half by Lonrho.

Tiny Rowland declared the value of his share in Nyaschere to be £23,000 as it passed the border from Rhodesia into South Africa. Then the Yeoman-owned Swiss firm bought that same share for £590,000, most of the \$2 million loan! Rowland paid out £60,000 of these proceeds to Ogilvy and U.S.\$260,000 to Ball, between July and October of 1970. These disbursements were evidently the payoff to Ogilvy and Ball, for approving the massive extension of funds to develop Nyaschere. The DTI inspectors questioned Tiny Rowland about the transaction.

DTI: Just a moment: out of that sum of money, we understand—and we would like you to say Yes or No—that £60,000 was paid to Angus Ogilvy and £120,000 [roughly \$260,000] was paid to Alan Ball?

Rowland: Mr. Heyman, I mean it would look as if Angus Ogilvy had a ten percent interest in Yeoman and Alan Ball had

a 20 percent interest in Yeoman. It would make sense, that is all I can say.

DTI: Were those sums paid?

Rowland: You must ask them.

DTI: I am asking you.

Rowland: I cannot tell you, because Mr. Heyman—

DTI: Why not?

Rowland: This is a matter between Ogilvy, Alan Ball and me. I mean if I paid my dog, or some people when they die, leave all their money to a cats' home. If I wanted to pay Mr. Ogilvy £60,000 or £600,000 and he was prepared to accept it then that is a matter between him and me and nothing to do with Lonrho. If I paid Mr. Ball £120,000, or £200,000 or £300,000, that is my business. . . .

DTI: Yes, but what I am asking you is—did you give £120,000 to Ball and £60,000 to Ogilvy?

Rowland: My answer to that is if I did they deserved it and if I did not it is just too bad.

DTI: That is no answer.

Rowland: It is my business. That is my answer.<sup>35</sup>

Ogilvy and Rowland fell out after the Nyaschere sale and payoff. Worried that the vindictive Rowland might hold the £60,000 payment over him as an instrument of blackmail, Ogilvy consulted his lawyer. "I went to see Brian Cooke," Ogilvy testified, "and I said 'Do you think there could be anything in this £60,000?' and he said 'Well, I think it looks awful, quite frankly, and it could look as if this was a bribe for you to keep your mouth shut over something.'"<sup>36</sup>

Not even with the Yeoman purchase maneuver was the potential for Nyaschere-related fraud by Rowland exhausted.

In 1972, Rowland tried to conceal his part ownership of Nyaschere by selling his shares to his father-in-law, Lionel Taylor, for no cash, no assets, and with no date set for any payment to be made. Taylor described the deal, "He knows he can have them back whenever he wants to. No written contract has been entered into and no money has changed hands."<sup>37</sup> Said the DTI inspectors, "In our view the purported sale of Mr. Rowland's interest in [the South Africa-based holding company for Nyaschere] HCC

Investments (Pty) Limited was a sham and an absurdity entered into by Mr. Rowland in the mistaken belief that in some way the transaction would silence the criticisms levelled against him in relation to Nyaschere."<sup>38</sup>

By channeling Lonrho funds to Nyaschere, Rowland violated the sanctions on Rhodesia. Alan Ball had solemnly pledged to the Bank of England, that when Lonrho took over the British firm D. Whitehead, Lonrho would not use Whitehead's extensive cash resources to develop any Rhodesian companies which broke sanctions (e.g., exported copper). Cash from Whitehead flowed copiously into Nyaschere.<sup>39</sup>

The other jewel in Lonrho's crown was the Inyati copper mine.

In 1961-65, before the UDI, Lonrho sold most of its Rhodesian mines to its subsidiaries for cash, to finance expansion into newly independent black majority rule states like Zambia, Malawi, and Kenya. In 1966, however, the Lonrho-owned South African company Coronation Syndicate (Corsyn), which had held most of the Rhodesian mines, acquired a new Rhodesian mine with fantastic potential, Inyati.

Tiny Rowland's appetite was whetted, but he could not dig in right away. Coronation was one of several companies Lonrho controlled, but in which ownership was split with significant minority shareholders. Lonrho controlled only 36 percent of the rights to exploit Inyati.<sup>40</sup>

In 1968, as production geared up at Inyati, Rowland moved to buy out the minority shareholders in the chain of companies that owned the mine—Hendersons Transvaal Estates, Tweefontein United Colliery, and Coronation. In its offer, Lonrho asserted that "all statements of fact and opinion relating to Lonrho and Corsyn . . . have been authorized by the directors of Lonrho and Corsyn respectively," and that "each of their respective boards accept individually and collectively responsibility therefor and consider that no material fact has been omitted from this statement."<sup>41</sup>

This was not true. No mention was made of the extraordinary potential of Inyati, or of Lonrho's plans for major expansion of the mine. Nor were the shareholders informed that in May 1968, Corsyn had sold Inyati to a newly formed subsidiary, Eastern Minerals (Private) Ltd. for £700,000. Corsyn then sold 50 percent of Eastern Minerals (and thus 50 percent of Inyati) to Lonrho Investment Company Ltd., a wholly-owned Rhodesian subsidiary of Lonrho, for £350,000 cash and guarantees that LIC would



raise 1 million pounds to develop the mine. The chairman of Corsyn, who approved these maneuvers, was F.E.O. Davies, a board member of Lonrho until the month before. Lonrho officials claimed that the transaction was the only way Corsyn could raise the funds to proceed with development.

Certain minority stockholders who knew the true value of Inyati, in particular Johannesburg stockbroker J.P. Esterhuysen, charged that Lonrho was committing fraud against the minority stockholders. Lonrho refused to release any information on Inyati, even with explicit authorization from Rhodesian Secretary of Mines K.K. Parker that it could do so.<sup>42</sup> Fearful that the explosion of a scandal over its Rhodesian mining interests would hurt Lonrho in black Africa, Rowland quietly dropped the bids.

Lonrho tried to cover its tracks. In early 1969, before the 1968 financial year's report was compiled, Lonrho reversed the LIC purchase of 50 percent of Eastern Minerals, which held Inyati. By backdating documents, Lonrho claimed that the day after LIC bought one half of Eastern Minerals from Corsyn, it sold that same half interest back to Corsyn. Thus the whole affair, Rowland hoped, would never be reported to Lonrho's stockholders.

It all blew up on September 24, 1971, when South African police arrested Lonrho finance director Fred Butcher in Johannesburg. The charge was fraud in connection with the Inyati mine.<sup>43</sup> Within weeks, three directors of Lonrho South Africa were also arrested and charged.

A guardian angel from the British Establishment intervened to rescue Lonrho. Duncan Sandys, former Secretary of State for the Commonwealth and for the Colonies, leaned on his old friends, South Africa's Ambassador to Britain Dr. Hendrik Luttig and Minister of Foreign Affairs Dr. Hilgard Muller, to get the charges dropped. According to the South African *Daily Star* of July 7, 1976, a police spokesman said, "Charges were dropped in January 1973 on the orders of the Attorney-General. This was not for lack of evidence—other factors were at play."

It was rumored that as part of the deal, Tiny Rowland would use his excellent contacts in black Africa to initiate a process of entente between black African regimes and South Africa. In 1975, Rowland did help orchestrate the ground-breaking meeting between Zambia's Kenneth Kaunda and South African Prime Minister John Vorster, on the Victoria Falls Bridge over the Zambesi River that marked the Zambia-Rhodesia border.

In the meantime, the fallout from the arrests intersected the liquidity crisis and boardroom power struggle of 1971, which almost shattered the Lonrho empire for good. It would take all Her Majesty's men to put Lonrho back together again.

## Notes for Chapter 5

1. Hall, *My Life With Tiny*, p. 7.
2. Testimony in Colorado, U.S.A., in a courtroom dispute with his one-time partner, American gem specialist Dan E. Mayers, 1982. See also, "Inside Lonrho Today," *Forbes* magazine, March 21, 1988.
3. Cronjé et al., *Lonrho*, p. 14.
4. DTI report, p. 194.
- That Rio Tinto would be Tiny's "launching pad," as Dick Hall put it (Hall, p. 9), fits well with his background in British Intelligence. Founded by the Matheson family in the nineteenth century, with profits from the China opium trade, Rio Tinto was a pillar of the British Establishment. Lord Alfred Milner chaired it in the early 1920s. During World War II, Rio Tinto funded the New York-based Security Executive run by Churchill's spy chief in North America, Sir William Stephenson, better known as Intrepid. When the British SIS presence in the United States was officially curtailed at the war's end, it regrouped under commercial cover, first in Newfoundland, Canada, and then at Montego Bay, Jamaica, where Stephenson and other top SIS men retired. Rio Tinto provided major financing for this regroupment, too. Two decades later, a Stephenson firm, Permindex, was implicated in the assassination of President John F. Kennedy (Editors of Executive Intelligence Review, *Dope, Inc.* [New York: Executive Intelligence Review, 1986], pp. 427-66).
5. DTI report, p. 10. Based on the testimony of Rowland and Ogilvy, the DTI inspectors reported, "Mr. Ogilvy first saw Mr. Rowland in April 1961."
6. Cronjé et al., p. 15.
7. Sir John Rowland sat on the board of the Kanyemba mine.
8. Cronjé et al., p. 13. The authors cite the Mining Editor of the Johannesburg *Financial Mail* as their source on the association of Rowland and Ogilvy in Kanyemba.
9. E.G. Wallace, *Move Over Ivar*, p. 12. The author unfortunately does not elaborate on what the proof is.
10. DTI report, p. 13.
11. Ibid., pp. 10-16.
12. Ibid., p. 17.
13. Ibid., pp. 24-25.
14. Ibid., p. 31.
15. DTI report, p. 63. The inspectors said that it was only in March 1968,



after he had taken up his own purchase option on 2 million shares, that "Mr. Rowland honoured the promise or indications that he had given to Mr. Ball and Mr. Ogilvy in 1961."

16. Ibid., p. 219.

17. Ibid., p. 63.

18. Ibid., p. 69.

19. Ibid., p. 77.

20. Ibid., p. 141.

21. Ibid., p. 58.

22. *Sunday Times*, Johannesburg, May 13, 1973.

23. Cronjé et al., p. 18.

24. DTI report, p. 23.

25. Cronjé et al., p. 154.

26. Reynolds affidavits.

27. Ibid.

28. DTI report, p. 188.

29. Ibid., p. 190.

30. Ibid., p. 191.

31. Ibid., p. 194.

32. Ibid., p. 210.

33. Ibid., p. 213.

34. Ibid., p. 279.

35. Ibid., pp. 222-23.

36. Ibid., p. 224.

37. Cronjé et al., p. 118.

38. DTI report, p. 252.

39. Ibid., pp. 255-59.

40. Lonrho held 50.3 percent of Hendersons Transvaal Estate, which in turn held 52.9 percent of Tweefontein United Colliery, which in turn held 62.2 percent of Coronation Syndicate, which owned Inyati. Lonrho had working control over all the intermediary companies, but its share of Inyati's profits would only be approximately 36 percent.

41. Cronjé et al., p. 160.

42. DTI report, p. 122.

43. It was charged that while attempting to buy up the outstanding share capital of Coronation Syndicate, Lonrho had concealed from Corsyn shareholders information in its possession about the richness of the Inyati mine, which Corsyn owned.

SIX

## Saved by the Establishment

*A con man's talent. . . . Enter Duncan Sandys. . . . The Wankel engine. . . . The collapse of Israel-British Bank. . . . The boardroom crisis of 1973. . . . DTI finds "criminal offences". . . . The Foreign Office lends a hand*

Tiny Rowland is commonly portrayed as a brilliant, if unscrupulous, businessman. His knack for pulling off the grand deal supposedly boosted Lonrho on its meteoric rise to the front ranks of multinationals. This success, so the London press would have it, led to whatever grudging acceptance the British Establishment has accorded Rowland.

But Rowland's business acumen is a myth. The July 1976 Department of Trade and Industry report on Lonrho exposed him as an erratic, incompetent businessman, many of whose hare-brained schemes fall through, while the successful ones brought the company to the brink of ruin. In chapter after relentless chapter of that 1,000-page report, Rowland emerges as less a businessman than a con man, with the con man's talent for ensnaring others in corruption.

A journalist at a major London daily, who has spent hundreds of hours investigating Rowland swindles, only to see almost all of his stories spiked, observed, "There is a very strong belief that Rowland is more than he seems, in that he has been able to get away with a staggering number

of things. He is pretty near invulnerable from prosecution, because many attempts have been made to bring him down and he has done things which clearly are fraudulent and he has never been prosecuted, and I find that very hard to understand, because he is not an Establishment figure in the sort of British Establishment-protect-their-own type. He is an outsider and *yet he has more protection than an insider.*"

Rowland's Establishment protectors launched his career on behalf of the "Winds of Change" policy. They secured for him the early business deals, which built Lonrho's fame and fortune. Now, in the early to mid-1970s, they watched over Rowland and intervened at crucial moments to save Lonrho, throughout a series of interlocked swindles in London, which made Lonrho the subject of almost daily stories in the London press. These included the Wankel engine project; the collapse of the Israel-British Bank, the largest in British history; the famous boardroom row of 1973 when a majority of Lonrho's board tried to kick Rowland out of the company; and the scathing recommendations in 1976 by the Counsel to the Department of Public Prosecutions, that Rowland, Ogilvy, Ball, and others on Lonrho's board be prosecuted for gross criminal malfeasance.

The 1971 arrest of Lonrho finance director Fred Butcher by South African authorities, in connection with the Inyati mine swindle, coincided with a severe liquidity crisis for Lonrho. The crunch was brought on by the company's pell-mell expansion, as well as by the fact that almost 50 percent of its profits were locked up in African countries which had clamped on exchange controls.

Lonrho's share price fell to its lowest in years. Disgusted with the position into which Rowland had maneuvered the company, and with his unwillingness to accept any sound business advice, two members of the board of directors quit in October 1971. The prestigious merchant bank, S.G. Warburg & Co., ceased doing business with Lonrho.

In desperate need of a face-lift, Lonrho officials prevailed on the prominent British accounting firm of Peat Marwick Mitchell ("Peats") to prepare a comprehensive report on Lonrho, its liquidity position, and its general management.

With help from Butcher, Peats cooked the books—the DTI inspectors called it "window dressing"—to disguise the extent of the Nyaschere (Shamrocke mine) swindle, in particular.<sup>1</sup> By September 1971, Lonrho

had pumped £2,486,000 into Nyaschere. Using the credit of other Lonrho subsidiaries, Butcher arranged a credit line of £1,580,000 for Nyaschere so it could "pay back" Lonrho, which was then entered on Lonrho's books as an asset—with no objection from the Peats auditors. Instead of current liabilities of £1,280,000 in excess of assets, Lonrho's books now showed a small surplus of current assets over current liabilities, £300,000.<sup>2</sup>

This fabrication of a clean bill of health for Lonrho launched an indecently chummy relationship between Peats, a pillar of the City of London, and the gang at Rowland's company. A former Lonrho executive described it, "The partners of Peat Marwick Mitchell are their auditors. The two senior partners are always very close to him [Rowland]. . . . With them about, they would unlock any City door he wanted to unlock. They practically lived in the office. When I first started at Lonrho, I thought they worked there. I thought they were employees. But they were senior partners at this company who would come in every day and talk to him and advise him on one thing or another. I had a chat with them. I said, 'I'm sorry, I thought you worked here,' and they said, 'No, we just work for Mr. Rowland as his accountant.' But they were senior partners. They are out of all proportion to a normal auditor's duties."

Peats made other recommendations on how to offset Rowland's unsavory reputation. The management structure of the multinational Lonrho, with its £18 million profits in 1972, still rested on the same troika of Rowland, Ogilvy, and Ball, who had run the firm since 1961, when its profits were £400,000. Peats recommended hiring an independent chairman and adding prominent persons to the board of directors.

Angus Ogilvy, the Royal Family's representative at Lonrho by virtue of his position with the Drayton Group and his marriage to Princess Alexandra, turned to Duncan Sandys. Former Secretary of State for the Colonies Sandys had just helped extricate Lonrho from its legal problems in South Africa. He was hired as a consultant for Lonrho in November 1971, at an annual fee of £51,000. In April 1972, as requested by his friend Ogilvy, Sandys accepted the appointment as chairman of Lonrho.

Sandys testified to the DTI inspectors, that "before accepting [the new Lonrho post], I did consult people of the very highest level in the City—the Governor of the Bank of England, the Chairman of Barclays, and the Chairman of National & Grindlays. They all positively encouraged me to take on the job. That was the reason why I took it on."<sup>3</sup>

With Sandys came an influx of Establishment figures onto the board. He demanded the appointment of his crony Sir Edward du Cann, M.P., a Conservative Party kingmaker who was instrumental in the rise of Margaret Thatcher.

Sir Basil Smallpeice, former managing director of British Overseas Airway Corporation and former chairman of Cunard Lines, came on. The DTI inspectors were puzzled, later on, at the authority with which the meticulous Sir Basil, peering through his pebble glasses, poked his nose into all the affairs of Lonrho and chastised other members of the board of directors, Sandys included. It derived from his higher connections, as the *Sunday Times* of Johannesburg reported on April 29, 1973: "Sir Basil is administrative adviser to Britain's Royal Household. He was put into Lonrho to backstop Angus Ogilvy, Queen Elizabeth's cousin-in-law, who had already embarrassed the Royal Family by his intimate involvement in Lonrho during the 1971 liquidity crisis."

Until Sandys arrived, Lonrho "was bleeding to death," as Fred Butcher put it. With Sandys, du Cann, and Smallpeice on board, Lonrho had no trouble in raising £10 million in a rights issue in May 1972. Tiny was saved, for the moment.

A contributing factor to the liquidity crisis at Lonrho was Rowland's 1970-71 attempt to acquire rights to the Wankel rotary internal combustion engine.

Invented by Dr. Felix Wankel in the 1950s, this engine was hailed as a revolution in the automotive industry: It was very light, had few moving parts, and offered better pollution control. During the 1960s, Tiny Rowland became obsessed with acquiring production rights to the Wankel. During two years of negotiations on the engine, Rowland repeatedly lied to the Lonrho board, its shareholders, and its merchant bank, Warburgs, about all aspects of the deal. His prevarications over the Wankel were cited by Warburgs and by the two directors who quit in October 1971, as evidence of how impossible it was to work with Rowland.

Knowing of Rowland's interest in the engine, Captain Stefan Klein introduced Rowland to Dr. Felix Wankel and his business partner E. Hutzenlaub in 1970. Klein, Rowland's associate from Double-Cross days during World War II, had often lined up business deals for Lonrho before.

Lonrho was already in perilous financial condition. The board of

directors and the merchant bank, Warburgs, urged against launching any major new ventures. Behind the backs of Lonrho board members, therefore, Rowland secretly negotiated to pay Wankel and Hutzenlaub DM100 million (approximately £12 million at that time). He not only acted without authorization from the board, but he then told them that the purchase price had been only DM64 million; he secretly signed for the balance to be paid by himself. In a classic Tiny Rowland maneuver, the hidden DM36 million promptly became an obligation of Lonrho.

Rowland also told the directors that Lonrho was acquiring 100 percent of the rights to the Wankel engine. In reality, he had secretly promised a 20 percent "free ride," as the DTI inspectors termed it, to a group including Major Klein and the London- and Tel Aviv-based Israel-British Bank.

In 1969, the Israel-British Bank had signed a contract with Herr Hutzenlaub (though not with Dr. Wankel) for Wankel production rights. Production was scheduled to commence in Israel in 1971. Near the start of Rowland's negotiations for the rights in 1970, IBB warned Rowland of its prior claim. The message was delivered by Eliahu Miron, IBB's lawyer and a former Israeli Mossad executive, and IBB officer Joshua Bension.

Undaunted, Rowland flew to Tel Aviv to meet the IBB group. Lonrho board member, old MI-6 hand Nicholas Elliott, accompanied him. They struck a deal whereby IBB and some others, including Major Klein, would put up funds to create a new company to control the Wankel, in return for 50 percent of the proceeds. Rowland also agreed with the IBB group on secret collaboration to pressure Hutzenlaub and Wankel to grant Rowland the most favorable terms, using a continued threat by IBB to sue Hutzenlaub over their 1969 contract.

After several permutations, the deal was finalized in such a way that the group of IBB and Klein held 20 percent of the new company, without having put up a cent. Reviewing the role of the interests that shared the 20 percent, DTI inspectors later remarked, "In each of these cases the claim to a participation in the acquisition was tenuous. We find it surprising that free rides of such magnitude were granted to parties who had apparently contributed so little."<sup>4</sup>

On Sept. 23, 1974, the Israel-British Bank declared bankruptcy, with over \$103.3 million in losses to its creditors. Seventy international banks and the U.S. Federal Deposit Insurance Corporation were shaken by the

shockwaves from its fall. It was the largest collapse of a British bank since the South Sea bubble in the eighteenth century, and it caused a major international diplomatic incident among the United States, Great Britain, and Israel. Smack in the middle of it all, sat Tiny Rowland.

The proximate cause of the IBB collapse was that two of its officers, Harry Landy and Joshua Bension, siphoned off tens of millions of dollars in loans to dummy corporations in Liechtenstein. The results of an investigation by the British government were suppressed. No one knows where the \$100 million went. But Tiny Rowland wound up in possession of many of the fragments of IBB. He became the chairman of the IBB subsidiary London City and Westcliff Properties, one of the largest real estate companies in London.

Several times in the late 1980s, one Francesca Pollard attempted to carry out a "citizen's arrest" of Tiny Rowland, outside the Lonrho Annual General Meeting or in front of the firm's Cheapside headquarters. Her van, equipped with loudspeaker and adorned with posters proclaiming Rowland to be a "Nazi rat," was a familiar sight in the City of London. Over the loudspeaker, in leaflets, and in mailings to influential persons, Pollard struck a relentless note: Tiny Rowland, in conspiracy with IBB managers Harry Landy and Joshua Bension (her uncles), had defrauded her of her inheritance from her grandfather, IBB founder Walter Nathan Williams. She accused Rowland, Bension, and Landy of stealing the missing \$100 million from IBB.<sup>5</sup>

A British court convicted Landy of fraud, fined him £350,000, and sent him to jail for five years. The sentence was overturned on appeal, when a superior court judge ruled that the trial judge had been "too technical" in his final instructions to the jury. In Israel, a court sentenced Bension to 24 years in prison for his role in the IBB swindle, but the term was cut to twelve years. Bension served two years, before getting out of jail for "health reasons," after the intervention of Justice Minister Menachem Begin. Bension's daughter Leora was married to Begin's nephew, and Begin was godfather to one of Bension's children.<sup>6</sup>

Tiny Rowland put up £100,000 bail for Harry Landy, with whom he became friends during the negotiations on the Wankel engine. Members of Landy's family have been on the Lonrho payroll, while others were Lonrho shareholders.<sup>7</sup>

A London reporter who investigated Francesca Pollard's charges

summed up the IBB-Rowland connection: "The group [Lonrho] grew quite quickly under Rowland's direction. He was always doing deals here there and everywhere, and as a result, the company faced liquidity problems; one of them was in the middle of this Wankel engine deal. And at the same time as Lonrho was suddenly getting very much bigger, the IBB went bankrupt for a huge amount of money. And no explanation was ever given in the court case for where the money went. But all the people who are on the [IBB] board were done for fraud, but they got off on a technicality. And as soon as they got out of Wormwood Scrubs [prison], they were given seats on the board of companies that Lonrho took over. And in the meantime Lonrho acquired all the subsidiary companies of the bank. The bank subsidiary companies had to be sold off to help pay off the creditors of the bank. Lonrho acquired all the ones which were any good on remarkably cheap terms from the liquidator. Presumably he had knowledge of which ones were any good and which ones weren't, through the people inside the bank. So he then, when they came out, appointed them directors of subsidiary companies which they had once run anyway. You would think that someone who had just come out of jail for fraud would be kept at arm's length, wouldn't you? Unless you wanted to keep them quiet or you owed them something."<sup>8</sup>

The lost \$100 million from IBB was never recovered, though Arthur Cheek, the Official Receiver in charge of closing out IBB, found that much of it had been diverted into two Liechtenstein companies, Denver Finance and Investment and Building Trusts, controlled by Landy and Bension. According to one investigator, a "director of at least one of the companies was also a director of a Lonrho Liechtenstein subsidiary."<sup>9</sup>

A former associate of Rowland commented about the IBB affair, "You do not blow up a bank that size without assurances that there won't be repercussions." The IBB certainly went out with hardly a whimper. It is the only fully authorized British bank ever allowed by the Bank of England to collapse. The Department of Trade and Industry carried out an investigation into its failure, but the report was suppressed. Even Members of Parliament could not get their hands on it.<sup>10</sup>

Sir Basil Smallpeice and other directors were waging guerrilla warfare, to make Tiny Rowland accountable to the Lonrho board as a whole and to gain control over the huge expenses associated with his grandiose



schemes. Their efforts broke into the public eye in April 1973, when Smallpeice and Gerald Percy led eight of the sixteen directors of Lonrho—a majority, since Rowland was ineligible to vote—in an attempt to sack Tiny. They would no doubt have succeeded at the board meeting of April 18, had Duncan Sandys allowed the matter to come to a vote. But Sandys, chairing the session, stalled. This gave Rowland time to secure an injunction against his dismissal.

One match that ignited the boardroom blow-up was the board's discovery that Rowland, in order to recruit Sandys as Lonrho chairman in the perilous period of 1971, had secretly paid £130,000 into Sandys' tax-exempt account in the Bahamas. After fixing Lonrho's troubles in South Africa, Sandys had already had his Lonrho consultancy fee boosted from £11,000 per annum to £51,000 per annum for a six-year contract. In the words of the DTI inspectors, "the scale of remuneration payable was exceptional by any standard."<sup>11</sup> A £130,000 pay-off to give up his annual consultancy was even more exceptional, since under the six-year contract, Lonrho had the right to cancel this contract with one year's notice, with no penalty. In addition, Duncan-Sandys was to receive £38,000 yearly as Lonrho chairman.

Having no inkling of the £130,000 secret deal, Smallpeice wrote to Sandys in July 1972 about this £38,000 salary:

The second count on which you yourself are in great potential danger arises from the personal financial arrangements made for you. . . . I am afraid I feel I must warn you that the financial arrangements which have been made for you by Tiny Rowland (or, let us say, by the Board that existed at 31 May last) will not stand exposure to the light of day—which will inevitably come.

You see, Tiny has assumed the mantle of chief executive, not only that of Managing Director—and let us remember that there is a Lonrho paper in circulation which restricts your own executive functions to merely presiding at Board Meetings and at AGMs and EGMs (which amounts to nothing). You are, then, an absolutely non-executive Chairman. And for an absolutely non-executive Chairman to have to disclose receiving remuneration of £38,000 a year, with a £2,000

expense allowance on top, has all the risks of becoming a public scandal—all the more so if, as is intended, as much as two-thirds (£25,000) of the £38,000 is to be paid to you overseas so as to avoid UK tax.<sup>12</sup>

In late August, Sir Basil wrote to Sandys again.

If I am blunt in what I am about to say next, it is only because I am anxious, as a friend, to see that your own personal position does not become intolerable. I think there is little doubt that the unreasonably high remuneration which Rowland has arranged for you, and the improper issue to you of incentive shares, could be looked at by many people, however mistakenly, as indicating that your allegiance has been bought.<sup>13</sup>

Auditors from Peats said they were "astounded," when they belatedly learned of the £130,000 supplementary payment to Sandys. Rowland himself admitted to the DTI, that Sandys would not have been confirmed by the board if the full amount had been known.

The Smallpeice faction, dubbed the "Straight Eight" after the name of a popular beer, honed in on other highly unorthodox Rowland deals. They discovered the 50 percent share of Nyaschere and its Shamrocke mine held by Rowland, Ogilvy, and Ball through Yeoman Investments, while 100 percent of the mine's financing came from Lonrho. But instead of immediately bringing Rowland's practices to the public eye, the anti-Rowland directors chose to wait and present everything in court in May. This gave Rowland time to mobilize.

Since he owned 20 percent of Lonrho's stock, Rowland was entitled to call an Extraordinary General Meeting (EGM), which he did for May 31, 1973. In court actions, the directors overturned the injunction against sacking Rowland, but they did not go ahead and dump him, fearing that Rowland had the strength among small shareholders to be reinstated at the EGM. Indeed, on May 31, it was the "Straight Eight" who were dropped from the board.

It appeared that Rowland had bested the Establishment. After all, the "Straight Eight" were led by the administrative advisor of the Royal



Household, Smallpeice. The Windsors' other Lonrho connection, Angus Ogilvy, resigned in the middle of the crisis. Later, he told Rowland, "I thought that by my resigning you would resign and that would mean no publicity at all."<sup>14</sup> The whole affair "was a deep embarrassment for the Royal Family."<sup>15</sup>

Had the Royal Family lost to its own buccaneer?

The matter was not so simple. The City of London is a stool with three legs: the merchant banks, the intelligence services, and the aristocracy. The aristocracy establishes the pecking order, and is the glue which holds the whole together. As one British student of the power structure said in 1989, "There are only 300 families here who really matter. It is extraordinarily centralized. And when you add in everyone else, the other influentials in banking, intelligence and what not, you have, at maximum, 30,000 people. This is out of a nation of 55 million. That is the Establishment."

Most of these "influentials" go to the same small group of public schools, such as Eton and Harrow, the same universities, Oxford and Cambridge, and are often allied by marriage. The result is a tight-knit *oligarchy*, which functions by consensus on major policy issues. The Royal Family is merely one family, though an important one, among the 300.

While the Lonrho boardroom row has been portrayed as a case of personality conflicts, anger over Rowland's mendacity and greed, a real policy issue was at stake. The "Straight Eight," guided by a desire to protect the Royal Family from scandal and to improve Lonrho business, had planned to cut back the company's presence in black Africa. They thought they could avoid the sort of corrupt wheeling and dealing for which Rowland was notorious, and they wanted to escape the limitations imposed by exchange controls in African countries.

Lonrho, however, was a vital instrument of British imperial policy—the "Winds of Change." The importance of its mission in Africa prevailed over any short-term embarrassment to one or another member of the Establishment, however Royal. (In any case, Tiny and the Royal Family later kissed and made up. When Rowland's *Observer* newspaper opened new offices in Battersea in March 1988, Princess Alexandra was the guest of honor, squired about the premises by Tiny Rowland.<sup>16</sup>)

The extravagant Rowland was kept on at Lonrho. The City stamped its seal of approval on the firm after Rowland's victory, with the appoint-

ment of Sir George Bolton to the Lonrho board. Sir George was a twenty-year director of the Bank of England and a former director of the Bank for International Settlements.

Had the City as a whole decided to turn "thumbs down" on Rowland, he would not have survived. Again, three years later, when David Tudor-Price, counsel to the Department of Public Prosecution, recommended prosecution of Rowland, Ogilvy, Ball and other Lonrho officials for diverse crimes, it was official patronage, not Rowland's street-fighting tactics or his clever maneuvering with small shareholders, that carried the day.

In 1976, after a three-year investigation by thirty full-time staff, the Department of Trade and Industry released its 1,000-page report on Lonrho. It was a thorough documentation of evidence for the allegations of the fraud, bribery, larceny, sanctions-busting, and corruption that had attached to Lonrho ever since Rowland joined the company in 1961. Most copies of the report, published by Her Majesty's Stationery Office, were instantly purchased by Lonrho, in hopes of suppressing it.

Consultations followed among the Treasury, the Department of Public Prosecutions (DPP), and officials of Scotland Yard's Fraud Squad to decide what to do next. Tudor-Price made recommendations based on the report, in three "Advices" submitted to the DPP.

His first Advice, dated April 1976, stated the gravity of the alleged crimes.

This Report reveals prima facie evidence of criminal offences in a very clear form and most of the evidence to support those offences should be in the hands of the D.T.I. and readily available to the Investigating Officers. . . .

This whole enquiry by police, is likely to be one requiring the greatest tact and delicacy by the Investigating Officers. It is obvious from the D.T.I. Report that enquiries may produce evidence that persons of substance and high public position have committed offences and are possible defendants. . . . [I]t seems to me that the following persons may well have committed criminal offences:—

- (i) Mr. R.W. Rowland
- (ii) The Rt. Hon. Lord Duncan-Sandys

- (iii) Mr. A.H. Ball
- (iv) The Hon. A.J.B. Ogilvy
- (v) Mr. F.A. Butcher
- (vi) Mr. J.A. Caldecott

A list of their names is sufficient to indicate the difficulties which may face a police enquiry.

In a second Advice, sent in May, Tudor-Price enumerated the charges.

It is my opinion that there is a high probability that when the police enquiry has been completed we will be able to advise that evidence has become available to prove serious breaches of the Companies Acts and that there will be a reasonable prospect of conviction of some, at least, of the persons named in my original advice. . . .

The offences which the present Report reveals are not merely technical offences. The majority of them are offences in which the essence is improper concealment of information from share holders of a public company for the purpose of private enrichment.

I have in mind the following possible charges:—

(1) An offence against Section 84 of the Larceny Act 1861 in relation to the recommendation to shareholders in 1966 relating to new options being granted to Rowland.

(2) A conspiracy to defraud in relation to Nyaschere and the Shamrock [sic] mine of which the essence was personal enrichment of the principals.

(3) Offences against Section 19 of the Theft Act 1968 in relation to:—

- (a) the Wankel acquisition
- (b) payment to Lord Duncan-Sandys
- (c) 'repayment' of the purchase price of Rowland's house

(4) An offence against Section 7 of the Exchange Control Act 1948 in relation to a payment of 75,000 lbs in connection with Lord Duncan-Sandys.

(5) A conspiracy to commit breaches of the Southern Rhodesia (United Nations Sanctions) Order 1968.

Since attending upon the Solicitor-General I have had a short conversation with Detective Chief Superintendent Etheridge of the Company Fraud Squad which leads me to believe, (a) that he shares my view that it may be possible to be in a position to commence proceedings within a relatively short period. . . .

The police were duly deployed on a criminal investigation of the case.

Rowland pulled strings at all levels to quash the investigation. The head of Scotland Yard's Company Fraud Squad, Kenneth Etheridge, led the investigation into Rowland and Lonrho, after discussions with Tudor-Price. All that came of Etheridge's work, however, was a decision in February 1978 not to press any charges. One month later, Kenneth Etheridge was hired as the chief of security for Rowland at the comfortable salary of £60,000 per annum.<sup>17</sup>

In October 1976, Tudor-Price authored a third Advice, where he noted that a particular aspect of the investigation had "reached an impasse"—allegations of bribes from Rowland to African leaders.

[Some] £836,499 was, in effect, admitted to have been money paid as bribes, the majority of which was channeled through Rowland's personal account (i.e. £592,372). This was said to be for the purpose of making the recipients not only recipients of corrupt payments from Lonrho but also obliged personally to Rowland. . . . It seems to me inevitable that, quite apart from the offence of corruption, each of these payments is likely to have been an offence against Section 5 (a) of the Exchange Control Act 1947.

The Inspectors say that they have discussed the whole special payments position with the Foreign Office and that by reason of the identity of some of the recipients of bribes and the positions that they hold in their countries *considerations of State arise*. The Inspectors advised, in effect, that no enquiries should be made about the special payments without the Foreign Office being consulted. (Emphasis added.)

The London *Financial Times* of May 12, 1978, related what had transpired when the Foreign Office and its Secretary of State, Dr. David Owen, were consulted—by Tiny Rowland.

Mr. Rowland said the Foreign Office had asked him to attend a meeting with Dr. Owen about a year ago to discuss Rhodesia and the question of Lonrho's case against oil companies alleging sanction busting.

He had told the Foreign Office that he could not attend such a meeting while a cloud was still over his company. He had subsequently received assurances from a senior Foreign Office official and Dr. Owen that no charges would be brought against Lonrho as a result of the DOT [DTI] report.

He denied however, that there was a deal between himself and the Foreign Secretary. "I did not say that I wanted him (Dr. Owen) to speak to the Director of Public Prosecutions and get them to drop any charges against us. I just said that I could not attend a meeting until that happened—but when, and if, it happened I would be happy to attend a meeting."

He was later told by a senior Foreign Office official that the Attorney-General's office had said Lonrho had been cleared and that no charges would be brought.

Dr. Owen's memoir, *Time to Declare*, was published in 1991. Several pages of the 800-page tome were devoted to Tiny Rowland and Lonrho, but the ex-Foreign Secretary had nothing to say about the DTI report or the dropping of charges against Rowland. Owen wrote about Rowland, "Even though at one stage he threatened to sue me, our shared love of Africa meant that later he and his wife, Josie, became friends."<sup>18</sup> In 1991, it was rumored in the City that when Rowland steps down, the new boss of Lonrho will be Dr. David Owen.

## Notes for Chapter 6

1. DTI report, p. 245.
2. Ibid.
3. Ibid., p. 384.

4. Ibid., pp. 339-40. Rowland's contract with Hutzenlaub and Dr. Wankel expressly exempted Lonrho from any liabilities arising from a possible IBB suit against the duo. Therefore the disproportionate IBB share of the deal could not be a quid pro quo for the proceeds of a future breach-of-contract lawsuit by IBB. The DTI inspectors were mystified: "Despite this specific indemnity, the Israel-British Bank participated in the free ride granted by Lonrho to the minority group. We do not understand why this was so."

Francesca Pollard, granddaughter of IBB founder Walter Nathan Williams, wrote down her analysis of the "free ride," in a July 26, 1986 letter to IBB attorney Eliahu Miron: "The unwritten (but most likely written in German and executed in Germany) gentleman's agreement re the Wankel loot reads something like this: Tiny Rowland—40 per cent, in consideration of letting Bension and Landy 'launder' the stolen money; Bension and Landy—45 per cent; Bunford, Klein and Kahane—15 per cent, in consideration of their silence—BRIBE.

"As a matter of fact, there was no real loan from the Union Bank. It was all arranged by the Israel British Bank for the show of it for the inquisitive mind."

Pollard's argument is interesting, since Landy and Bension used to send IBB funds to Swiss banks, whence they were passed on to Liechtenstein. Rowland turned to Union Bank of Switzerland to secure funding for his purchase of the Wankel; because of this, according to the 1976 DTI report, Lonrho had to pay a £50,000 penalty to the Kuwait Investment Corporation, with which Rowland had arranged earlier to finance the Wankel deal. Why did he not just use the Kuwaiti funds? Why pay the substantial penalty? Or was Pollard perhaps correct? The Swiss funds would of course be infinitely cheaper, if they were funds Bension and Landy had stolen from IBB.

5. On July 14, 1991, Francesca Pollard, 41, appeared on the pages of the London *Observer*, owned by Tiny Rowland, with a startling confession. She asserted that her campaign against Tiny Rowland was paid for by Mohammed Al Fayed, who was resisting Rowland's attempt to take over his Harrods department store. According to *The Observer*, "From Spring 1987 Pollard says she was in regular contact with Fayed. I met him many times. Twice a week sometimes at his flat in Park Lane. He would ring me all the time, sometimes at 11:30 at night. . . . At their first meeting, he gave her 1,000 pounds in 50 pound notes. Later, Pollard says she would collect 1,000 pounds or 2,000 pounds every month or so from Fayed's Park Lane address in envelopes addressed to Jane Ball or a similar alias."

Pollard was under intense pressure in the days preceding her surprise appearance in *The Observer*. Her son, who had suffered from emotional problems, was taken from her by social workers. She told acquaintances that she blamed herself for the fact that her family was living in a tenement flat, because of her refusal to make a deal with Rowland. Pollard said that Rowland had repeatedly offered her millions of pounds, to stop her campaign against him.

He had employed private detectives to harass her, as well, but she persisted out of a desire to clear the name of her grandfather, one of the "founding fathers" of Israel.

A reporter for a major London daily, who thoroughly reviewed the IBB case and Pollard's charges against Rowland, related having seen documentation of Rowland's offering her over £1 million "to shut up." He also found massive corroboration of Pollard's charges, and concluded, "It seems perfectly clear to me that he [Rowland] has ripped off her and the Israel British Bank and taken over all that company at virtually no cost to himself. Enormous assets, in what could only be a criminal conspiracy. And he has never been prosecuted."

Francesca Pollard's grandfather, founder of the IBB, was the philanthropist Walter Nathan Williams, whose prominent role in Jewish affairs in the 1930s and 1940s caused him to be denounced on Nazi radio broadcasts. Williams had four daughters, two of whom married Harry Landy and Joshua Bension. As Williams became older, Landy and Bension assumed control over the day-to-day functioning of the IBB. By 1970-71, according to Pollard, Williams would complain about how Landy and Bension were handling the bank, about their "new friends" (e.g., Tiny Rowland), and about their plans to sell the production rights to the Wankel engine.

In one of her flyers, Pollard described a family dinner in April 1971: "He [Williams] also discovered that Rowland, Landy and Bension had been SCHEMING BEHIND HIS BACK and were engaged in plotting a shady deal whereby LONRHO could usurp the rights to the WANKEL ROTARY ENGINE which were owned by SAVKAL, an Israeli subsidiary of IBB. This would never have been allowed by my grandfather, who was, of course, the majority shareholder of IBB. He must have felt like Julius Caesar amongst the CONSPIRATORS. He was, however, a fighter, and I remember a family dinner at the time, at Landy's home, when he was in a blinding rage and swore to Landy that he would take legal steps to ensure that the proposed Wankel deal with Rowland would be stopped. He also warned Landy that he would get his personal accountants to look into the affairs of IBB." (Francesca Pollard, "Therefore, I accuse. . .", September 1986, reissued November 1988. Emphasis in original.)

Williams fell ill in 1971 but was recovering, when he died suddenly on October 30, 1971. Lonrho's liquidity crisis was at its worst, and Rowland was in the midst of acquiring the Wankel. Williams' daughter, Pollard's mother, charged that his death was murder. The death was not recorded for one year afterward, and his will was not probated until 1976, allowing ample time for Landy and Bension to loot the bank. In 1974, when the IBB was about to collapse, Landy and Bension produced a document allegedly written by Williams and witnessed only by themselves, which stated that all of Williams' personal estate could be used to back up any loans taken from the IBB by family members, then or in the future. With such an authorization, Williams would have handed Landy and Bension—with whom he was hotly disputing at the time—a blank check from the IBB, to be guaranteed by his own estate!

The law firm that probated Williams' estate was the same that handled the estate of Tiny Rowland's father, who died in 1974 at the age of 93. Rowland's own attorney, John Cama of Cameron Markby, meanwhile, convinced members of the Pollard family to sign away their rights to the Williams estate, thus freeing it up to be sucked into the IBB and looted by Rowland. (P.W.G. Dubuisson and J.A. Wilson, joint administrators of the estate of Walter Nathan Williams, "Interview of Miss Francesca Pollard," April 13, 1984.)

Pollard believed that Rowland himself may have forged her grandfather's signature on the guarantee, which apparently would not have been a first in Rowland's career. She cited a family friend who swore that the signature on the guarantee was not written by Williams, because he never dotted his "i's" and this signature was dotted. She said that Rowland would never provide her with a handwriting specimen of his own full name (his middle name is "Walter"). According to a former member of the Lonrho board, Rowland regularly used to forge Angus Ogilvy's signature on bank papers and other Lonrho documents. Rowland's use of forgery to help him obtain the Shamrock mine is attested to in affidavits of Mike Reynolds, its original owner.

6. Dubuisson and Wilson, "Interview of Miss Francesca Pollard," p. 6.

7. *The Independent*, April 15, 1989.

8. The cast of characters from the IBB affair re-emerged in Rowland's long, obsessive, unsuccessful battle to win control of Harrods department store and its holding company, the House of Fraser. During a DTI probe of the Al Fayed's takeover of the House of Fraser, IBB attorney Eliahu Miron and some of his friends were investigated regarding a possible illegal purchase of House of Fraser shares by them on behalf of Tiny Rowland. Miron admitted that he had offered to do so, but insisted that Rowland turned him down.

The Landy family was also involved.

In 1987, DTI chief Paul Channon recused himself from major responsibilities in the Department, because he was a distant cousin of the Guinness family, whose brewing empire was under investigation for fraud. Much of his authority fell into the lap of the DTI's number-two man, Minister of Corporate Affairs Michael Howard. Abruptly, Howard accepted charges made by Tiny Rowland against the takeover of the House of Fraser by the Al Fayed brothers, which several successive DTI heads had deemed not actionable, and an investigation was launched into the Al Fayed's. Why had Michael Howard acted, in effect, on behalf of Tiny Rowland?

Howard is not only a friend of Rowland cohort Harry Landy, but he is Landy's first cousin! Ties between the Landy and Howard families go back to the early part of this century, to a Welsh town from which both families come. Rabbi Morris Landy, Harry's cousin, performed the marriage ceremony for Michael Howard's parents. Like Harry Landy, Rabbi Morris has been a big stockholder in Lonrho. When one of the Landy clan died in the late 1980s, Michael Howard and his family inserted a sympathy notice in the London *Times*.

Rowland's hob-nobbing with Landy and Bension also brought him into



liaison with U.S.- and Israeli-based organized crime figures. According to sources familiar with the Bension family, Joshua Bension was on such close terms with the late underworld kingpin Meyer Lansky, that Lansky was a guest in Bension's home during his early 1970s stay in Israel.

The Lansky relationship would explain something that stymied investigators of the IBB collapse. Why had Landy and Bension channeled IBB funds into the purchase of 10 percent of a New York-based juke box company, the Seeburg Corporation? A little more digging would have shed some light on the matter: "[T]he syndicate invested considerable 'black money' in the Seeburg Corporation," reported Hank Messick in *The Mob in Show Business* (p. 250). And the financial wizard of the syndicate was Bension's pal Meyer Lansky.

Another of Lansky's associates in Israel was one Richard Amsterdam, whose name would surface in 1981 in connection with Lonrho's attempt to buy the House of Fraser. In January 1981, Lonrho launched a bid for the House of Fraser, and awaited a go-ahead from the Monopolies Commission, at which point it would need massive funds to augment its 29.9 percent stake in the company.

In September 1981, Lonrho chairman Edward du Cann was attempting to raise \$1.1 billion—part of it for an operation concerning the House of Fraser, and part for Lonrho's Beira pipeline in Mozambique. Normally Lonrho, as one of the top forty corporations in Britain, might be expected to secure such funding at a regular bank or insurance company. But du Cann concealed that he was seeking the money on Lonrho's behalf. The intended recipient of funds du Cann said he represented was the Jersey Island-based West of England Development Co. (Jersey) Ltd., which had a paid-up share capital of just \$9. He sought to secure this huge loan from an equally shadowy entity, Linscher Anstalt of Liechtenstein, which had a tiny share capital of 20,000 Swiss francs. The real party with whom du Cann was negotiating was the controller of Linscher Anstalt, Joseph J. Hirsh, an American financier who was the senior partner in Joseph J. Hirsh Associates of 201 E. 79 St. in New York City. In a dossier on himself that he would hand around, Hirsh listed nine personal references, among whom were Richard Amsterdam, Raymond Johnson, Jack Pearlman, and Max Gross—all reputed associates of Meyer Lansky!

9. "Outline Chronology of the Background of Roland Walter Fuhrhop," a 16-page document prepared by a private detective who spent several years investigating Rowland, and distributed by Francesca Pollard, p. 8.

10. Miss Pollard speculated, in a July 23, 1987 letter to Tiny Rowland, on why the DTI report on IBB was never released. "The question is," she asked, "Can the third rate Department of Trade and Industry take on the Foreign Office, the Home Office and the Department of Defence, MI6 and MI5; because, these Government departments depend on Lonrho for their nefarious activities in foreign lands; and Lonrho is virtually controlled by Mr. Rowland?"

"The DTI twice did challenge Lonrho, once under the leadership of the rare intrepid Norman Tebbit, whom I admire greatly, and the second time,

under the shrewd leadership of Leon Brittan. Where are they now? Casualties of Lonrho."

EIR first published the revelation that Lonrho had been upgraded under Rowland to carry out British imperial policy in a new form, in a June 24, 1988, cover story, "Trail of petrodollars leads to Irangate's 'invisible men'." Not until a year later did we receive a copy of Pollard's letter to Rowland, excerpted above. It seems that we were not the only ones to have pierced the myths surrounding Rowland. In that letter, Pollard inserted the following two paragraphs:

"It all began with King Harold MacMillan and his knight Sir Douglas-Home. Remember 'the winds of change' of Macmillan's speech? The aspirations of the black peoples of Africa for Independence from Britain were gaining momentum. Rab Butler, who sympathized with the black aspirations; however, warned MacMillan that something must be done to safeguard the British interests and influence in Africa.

"MacMillan and Douglas-Home contacted Sir Joseph Ball, father of Alan Ball, director of Lonrho, who was heading the old-established company called LONDON and RHODESIA Mining Company, to say that they (Prime Minister MacMillan & company) wished to use the company on the similar line as the old East India Company, with a difference that East India was to expand the British Empire, Lonrho was to contain unrest and place as many as possible pro-British black leaders in power. Although Sir Joseph Ball was a former MI6 Chief, he was too old to handle the hectic political scene. He recommended you, and as I understand, he knew you from the murky past as a 'creature of the night.'"

Did Miss Pollard make a shrewd guess? Or did she hear some whispers from members of the British SIS, some of whom are known to detest Tiny Rowland?

11. DTI report, p. 356.

12. Ibid., p. 388.

13. Ibid.

14. Hall, *My Life With Tiny*, pp. 104-05.

15. Ibid., p. 96.

16. *The Observer*, March 6, 1988.

17. An affidavit sworn by former Rowland business partner Daniel Mayer, who won a suit against Tiny Rowland, described the enticements to Etheridge.

"Let me state on the record in the matter of Etheridge, this is the man who was a former senior Scotland Yard official who was responsible for various investigations and among them was an investigation into the pornography trade in England, and it was brought out that during these investigations, he and his family accepted favors from the people he was investigating, they went on vacation with them in Malta and on the witness stand various witnesses accused Etheridge of having either blackmailed them or sought to extort money from them. Subsequently Etheridge was in charge of the investigation by Scotland

Yard on the affairs of Rowland and of Lonrho and Rowland in personal conversation with me told me that he had subverted Etheridge by a promise of a good job with Lonrho if the investigation was concluded in a manner satisfactory to him, Rowland, and subsequently with the investigation having been so concluded Rowland employed Etheridge to head Rowland's so-called department of dirty tricks at a very substantial salary. . . .

"[A]nd when I went to see some very senior Scotland Yard officials regarding Etheridge's action, I received two distinct impressions.

"First that they were very glad that Etheridge had resigned to work for Lonrho, as it would have saved them bringing departmental proceedings against him on the basis of the aforementioned evidence that came out in the trials connected with the cases he had prepared, and secondly that they were intensely embarrassed by Etheridge's actions while an employee of Lonrho and had taken steps to bar him from any access to Scotland Yard records, which Rowland had boasted to me would be open to him [Etheridge] as a Lonrho employee due to his former connections with Scotland Yard. . . .

"It is on this base of all this that I have declined categorically to be in the presence of Etheridge, whom I regard as corrupt, a liar, probably a thief, and certainly a blackmailer. . . ."

18. David Owen, *Time to Declare* (London: 1991), p. 297.

## SEVEN

### A Double Game in Africa

*The banker-communist alliance. . . . The case of Mozambique. . . . "Cecil Rhodes' old dream". . . . Arming both sides. . . . The "winds of change" in Rhodesia. . . . A Philbyite at Central Intelligence . . . . Lonrho rules the rails*

Tiny Rowland likes to call himself "the smiling face of development" in Africa. The London *Sunday Telegraph*, in a September 14, 1986 feature, sketched what a Rowland development project looks like.

The spirit of 19th century colonialism has returned to a war-torn corner of Mozambique following an extraordinary deal between Mr. Tiny Rowland, chief executive of Lonrho, and the country's Marxist rulers. Employees of Rowland's multi-national conglomerate are currently carving out a massive state the size of the Isle of Wight in territory ravaged by guerillas of the National Resistance Movement (NMR). . . . The estate buildings are surrounded by a 10 ft. security fence topped with barbed wire. . . . As we stood by the entrance to the estate compound, 100 uniformed armed men bearing Kalashnikov rifles and chanting a marching song, jogged along the perimeter fence.

This is the realization of Rowland's remark, made at Lonrho headquarters in the early 1970s: "As far as I am concerned the whole of Africa can go communist and would be the better for it. The communists have the ability to manipulate the people, but the business must stay in capitalists' hands."

The arrangement has been called a "banker-communist alliance," and it typifies both Tiny Rowland's operations, and British policy in general, in Africa. Until the crack-up of the Bolshevik empire in 1991, British postwar African policy was premised on a condominium, a division of the globe for rule by two empires, the Anglo-American and the Soviet—the "banker-communist alliance" on a world scale. Thus, a British agent like Kim Philby could be working for the Soviet Union, while also serving British imperial aims. And so it was with many a London-trained, pro-Soviet African radical.

In addition to the condominium policy, the British imperial *modus operandi*, perfected in the modern period in "gang-countergang" warfare in Kenya in the 1950s, has been to create armed insurgencies, which are rooted in real grievances, but are then manipulated to British ends.<sup>1</sup> Such armed bands are used either against the white minority, as in Rhodesia or South Africa, or even against each other, as in Angola and Mozambique after 1974. The Anglo-American objective is less the triumph of any particular group, though they try to ensure that the most radical ultimately attains power, than creating years-long conflicts that polarize the afflicted nation and adjacent countries, destroying any potential for economic development and true sovereignty. In such a brutal "living theater," the actors are usually so focused on their own immediate goals, that they are only dimly aware, if at all, of the British choreography.

In April 1974, an Anglo-American-sponsored coup overthrew the regime of Dr. Marcello Caetano in Portugal. The new Lisbon government swiftly handed Mozambique over to the guerrilla movement, Frelimo. The first Western businessman to knock on Frelimo's door after independence, was Tiny Rowland.

Rowland befriended the new head of state, Samora Machel, a man with close ties to Moscow who became Frelimo's leader after the assassination of Eduardo Mondlane in 1969. Rowland arranged with Machel the formation of a Lonrho subsidiary, Lomaco, owned 51 percent by Lonrho

and 49 percent by the Mozambique government. Rowland received huge concessions, such as the right to hold large tracts of land for thirty years, a tax exemption on imports and exports for ten years and on profits for an indefinite term, and a waiver of prohibitions against foreign exchange dealings.

Today, Lonrho is the largest producer of cotton in Mozambique, grows over one-third of its vegetables, and dominates the country's two main transportation corridors: the Nacala corridor from Malawi to the port of Nacala in the north, and the Beira corridor from Zimbabwe to the port of Beira in the south. Like most infrastructure built by colonial powers in Africa, the railroads and pipelines run from the interior deposits of natural resources, to the ports whence they are shipped abroad.

Lonrho spent £3.8 million to repair the Nacala rail line. This route allows Lonrho to take tea, tobacco, and sugar from its plantations in Malawi to port, without the great expense of running the freight down through South Africa. It also gives Rowland (and the British government) enormous strategic leverage over Malawi, which has to pay as much as 40 percent of its foreign exchange earnings in transport costs when shipping via South Africa.

In 1986, the British government put up £1.6 million to train the Mozambique Army to protect Lonrho's Nacala corridor. Her Majesty's Government hired Defense Systems Ltd., a firm composed of former British Special Air Service (SAS) commandos. The Mozambican troops received Britain's latest model rifle, the Enfield L85A1.

Describing the expansion of British influence in Mozambique, a South African newspaper editor said in 1990, "The British are all over the place in the Beira corridor. This is Cecil Rhodes' old dream and now it is being revived. They are trying to take over from the Portuguese in the Beira corridor, in culture, in language, everything." Before his death in a plane crash in October 1986, Machel was reportedly planning to cede the corridor to Lonrho.

If Edward Heath thought Lonrho was "the unacceptable face of capitalism," the British periodical *The Spectator* observed that, "With its controlling interest in the Marxist government of Mozambique, Lonrho might also be called 'the unacceptable face of communism.'"<sup>2</sup>

Tiny Rowland has been a chief financial backer of civil wars in Africa. Said a veteran of the South African intelligence service, "Rowland has had

a tremendous impact on this part of the world, because he puts cash up front, to finance the military forces of Zimbabwe and Mozambique. . . . From 1987 to 1989, Lonrho provided the Mozambique army with all its logistics, radios, backpacks, uniforms, boots, etc. Lonrho also financed, through Zimbabwe, the attack on the Renamo headquarters at Casa Banana in 1988, for which he was coughing up \$3-4 million a day. Lonrho paid the whole thing."

But even as he provided Frelimo the wherewithal to hit at Renamo, a guerrilla opposition movement, Rowland was striking deals with Renamo as well. According to one Africa hand in London, an airplane belonging to the Lonrho subsidiary Armitage Industrial Holdings used to fly mortars into Malawi, a key staging ground for Renamo forces. A South African source close to Renamo recalled, "I once asked [Renamo leader Afonso] Dhlakama, 'Are you doing a deal with Lonrho on the [Lonrho] tea plantations in northern Mozambique?' You could tell by his face he was. He then changed the subject very quickly. Lonrho is the only business which has been able to conduct business in Mozambique for years and years without being blown up, attacked, etc. Their pipeline has never been disrupted."<sup>3</sup>

Angola, another Portuguese colony for hundreds of years, also underwent a torturous civil war. Like Frelimo in Mozambique, the Popular Movement for the Liberation of Angola (MPLA) came to power after the April 1974 coup in Portugal. The Anglo-Americans, through the Portuguese coup, had enabled the MPLA takeover, and had even intervened through U.S. Secretary of State Henry Kissinger's 1975 demarche to South Africa to stop its tanks, then only three hours from the Angolan capital of Luanda, to keep them in power.<sup>4</sup> Yet the Anglo-Americans also financed a sixteen-year civil war against the MPLA regime, ravaging Angola. "According to a U.N. publication, the war killed 500,000 people, including 330,000 children, and since 1980 caused \$30 billion worth of damage. The country's roads, railroads, telephones and other communications are in shambles," summarized the *Washington Post*.<sup>5</sup>

Tiny Rowland was in the middle of this war, too. He funneled millions to Jonas Savimbi's opposition UNITA forces, even as he made deals with the MPLA regime for mineral exploration rights. The double-dealing got Rowland into trouble, according to one South African intelligence source: "Rowland took his biggest nosedive at the end of 1987, early 1988, when the Angolan government received indisputable proof of Rowland

supplying weapons to UNITA. This was not just small arms, but big guns, on which he spent heavy money, millions and millions."

But Rowland bounced back. *Private Eye* reported March 4, 1988: "A new mediator has emerged in the unpleasant and damaging civil war in Angola: none other than the 70-year-old sanctions-busting goose-stepper himself, Tiny Rowland." Rowland was working hand-in-glove, *Private Eye* said, with Chester Crocker, then head of Africa policy for the U.S. State Department. Crocker was Tiny Rowland's frequent house guest in London. It was Crocker who negotiated the December 1988 Brazzaville Accords, under which Cuban forces left Angola, and the MPLA and UNITA prepared for elections.

Even during the war, while the Moscow-backed MPLA held power in Angola, the American oil giant Chevron went about its MPLA-approved business, extracting hundreds of millions of dollars worth of oil from Cabinda province in the north. Now that Angola lies wasted by war, it is even more open for Anglo-American looting of its agricultural and mineral resources. Angola used to be the second largest producer of coffee in the world. It has large gold reserves, diamond mines, and oil reserves that have not yet been charted.

After the Brazzaville Accords, Rowland went on a buying spree in Angola, snapping up choice strips of land along the Benguela railroad, which runs from the "copper belt" in Zaire and Zambia, to the Angolan coast. Lonrho is part owner of the railroad.

In other regions not formerly in the Anglo-American orbit, Lonrho has both paved the way for an expansion of British influence, and cashed in on that influence.

Namibia was a German colony until World War I, and then a protectorate of the RSA known as Southwest Africa. After it received independent status in November 1989, Namibia joined the British Commonwealth. Tiny Rowland, who had financed South West African People's Organization (Swapo) leader Sam Nujoma before independence, is now one of the most active foreign investors in the country. Lonrho is building a railway in a part of northern Namibia called the Caprivi Strip, to link railroads in Zambia and Botswana to the Namibian Atlantic coast port of Walvis Bay.

Zimbabwe, formerly Rhodesia, hastened to rejoin the Commonwealth when the Lonrho-backed President Robert Mugabe took power in 1980.<sup>6</sup>



Between 1965 and 1980, after its Unilateral Declaration of Independence, Rhodesia had been temporarily out of London's direct control.

The case of Zimbabwe best shows the British-Lonrho method in Africa: the manipulation of divisions, racial or otherwise, within the targeted population and total sabotage of any attempt to forge a settlement among racial groups in the national interest. The "Rhodesia model," as it unfolded from the Unilateral Declaration of Independence in 1965 to the triumph of Mugabe in 1980, is a preview of British strategy for the Republic of South Africa.

After World War II, Rhodesia attracted many European immigrants who took up ranching, farming, mining, and ancillary businesses. Immigration reached 1,000 per month in the 1950s, and by 1960, the country had a European-origin population of 250,000 and an African-origin population of four million.

Macmillan's "Winds of Change" speech was followed by British pressure on Rhodesia to move toward majority rule. The British were well aware of the paranoia of white Rhodesians about neighboring black-ruled states. Amid growing unrest and riots among sectors of Rhodesia's African population, a backlash against black majority rule swept Rhodesia's whites. In this environment, the "white-rule"-oriented Rhodesian Front Party led by farmer Ian Smith grew rapidly. A Rhodesian Front government was elected in December 1962. On November 11, 1965, the Ian Smith government unilaterally declared independence from Britain.

The British could have crushed the Rhodesians militarily, and even the threat of doing so would likely have stopped the adoption of the Unilateral Declaration of Independence (UDI), but British Prime Minister Harold Wilson announced that the British military would take no action. Although sanctions were enacted by both the United Nations and Britain, British Petroleum and Royal Dutch Shell continued to ship oil to the "outlaw state," without which Rhodesia could not have functioned for even a few weeks.<sup>7</sup>

Goaded by the necessity to produce most of what it needed, Rhodesia over the next fifteen years changed from an agricultural and mining-based economy, to a well-developed industrial economy. An elaborate "sanctions-busting" apparatus was put together, which kept essential imports flowing, and Rhodesian mineral, tobacco, meat, and other exports coming onto the world market.

Tiny Rowland remained on the scene.

After taking control of Lonrho in 1961, Rowland had expanded the company from its Rhodesian base, first into the countries of the old Central African Federation, Zambia (former Northern Rhodesia) and Malawi (former Nyasaland), then into other countries of black Africa. Lonrho portrayed Rowland as a champion of African independence, who professed himself to be "violently anti-Smith."<sup>8</sup>

Lonrho had sold all its mining interests in Rhodesia in the early 1960s, but after UDI in 1965, it quickly resumed a position as a leading exporter of minerals from Rhodesia, earning crucial foreign exchange for the government. Its Shamrocke and Inyati copper mines boomed. Lonrho also held coach construction factories and automotive franchises, which provided Mercedes-Benzes for Smith's cabinet members and mine-proof vehicles for Rhodesian Army and security forces. As Ian Smith put it, "They [Lonrho] have performed well in post-UDI years."<sup>9</sup>

Per British policy, Rowland maintained friendly relations with every black leader, including Mugabe, Joshua Nkomo, Rev. Ndabaningi Sithole, and Bishop Abel Muzorewa—regardless of whether they were disposed, like Sithole and Muzorewa, to work with the Smith regime or, like Nkomo and particularly Mugabe, favored its military overthrow.

Rowland's friendship often had added benefits. Whenever Nkomo needed money or airline tickets, he could call Tiny Rowland, as Nkomo acknowledged: "As I got to know Tiny I came to trust him. His charming wife Josie is Zimbabwean-born and Tiny became one of us. I began to regard him as a son-in-law, what we call the *mkweenyana*, one of the family by marriage. I was constantly travelling, usually with two or three assistants: all I had to do was ring up Tiny's office and the tickets would be ready. I was travelling between Belgrade and Moscow, or New York and Havana, on tickets provided by this great capitalist. He knew where we were going, but we never discussed it."<sup>10</sup>

Mugabe and Nkomo combined forces in the Patriotic Front (PF) and fought a bloody civil war against the Smith regime. Arms and training for their guerrillas came from the Soviet Union, Cuba, and the People's Republic of China. In the 1970s, a time of strenuous Soviet efforts to project influence and military power globally, the stake Moscow had bought in the Rhodesian guerrilla movements added a strategic dimension to the conflict.<sup>11</sup>

Rowland was looking after his own interests, as one Rhodesian Member of Parliament charged in 1977: "Mr. Rowland has done a deal with Nkomo whereby in the event of majority rule, Lonrho would benefit in regard to mineral rights."<sup>12</sup>

Anglo-American pressure resulted in talks between Smith and the black opposition leaders, aimed at majority rule. In the negotiations overseen by U.S. Secretary of State Henry Kissinger, Tiny Rowland was a facilitator. At the October 1976 Geneva conference, arranged by Kissinger, Rowland picked up a £35,000 bill at a luxury hotel for Nkomo and his entourage. After that conference broke down, Rowland brokered a secret meeting in 1977, in Lusaka, Zambia, among Smith, Joshua Nkomo, and Zambian President Kenneth Kaunda, a backer of Nkomo. Smith and ten cabinet ministers were secretly flown to Lusaka on a Lonrho jet. And when Nkomo came to Salisbury (Harare) to negotiate with Smith in secret, Rowland picked up all expenses.<sup>13</sup>

London had its man on the inside of the Rhodesian government, Central Intelligence Organization (CIO) chief Ken Flower. Branch II of Flower's CIO, responsible for foreign intelligence and largely staffed by British-born officers, was a center of plots to undermine the Smith regime. Although Flower has taken pains to distance himself from Tiny Rowland, it was with Roger Chadwicke and Jack Lloyd of Branch II that Rowland worked most intimately. Said a South African source who has followed Rowland's intelligence connections, "I was informed by Rhodesian intelligence that Jack Lloyd and Roger Chadwicke were British intelligence and closely connected to Lonrho and Tiny Rowland. They were very, very close to Rowland. They were in Salisbury together, like three peas in a pod, eating together, clubbing together, etc." A source who worked in Rhodesian intelligence added, "The whole of Branch II was controlled by the British. You must dig very deep for Lonrho in the Rhodesian Tobacco Corporation. All the Branch II guys worked there."

Flower had been recruited by British SIS during World War II, according to Rhodesians who ran into him at the time. After the war, he joined the British South African Police (BSAP) in Southern Rhodesia and rose within the ranks. His career took off in 1962, with British SIS patronage. In 1961, MI-5 Director Roger Hollis, who himself came under investigation as a high-level operative of the Kim Philby circle, visited

Southern Rhodesia. After his tour, Hollis sent General Sir Douglas Packard to reorganize the Central African Federation's intelligence and security services.

Packard recommended that Ken Flower take command of the BSAP. The accession of the Rhodesian Front to power in Southern Rhodesia, in December 1962, put Packard's plans on hold, but when the Federation broke up several months later, Flower assumed the equivalent of the job Packard and Hollis had picked him for. He became the first head of Rhodesia's Central Intelligence Organization.

The Smith regime was attempting in its own way to defy the British agenda, but its intelligence chief Flower, in his autobiography, boasted of his affinity for the British SIS: "Before committing CIO to any particular direction, I considered it essential to study Intelligence systems elsewhere in the world, starting with Britain. [Rhodesian Prime Minister Winston] Field did not take the suggestion kindly. . . . Like the bulk of his party he had developed an antipathy towards anything British, but when I outlined the reasons why I should go to Britain first—that they probably had the best Intelligence system in the world . . . he assented. My diary recounts a little of my first sortie, under British patronage, into the world of Intelligence."<sup>14</sup>

Under British tutelage, Flower set up the CIO, which was to coordinate Rhodesian security and intelligence from 1965 until 1980. It was divided into six sections, of which the most important were Branch I (Special Branch, responsible for all internal intelligence, counter-subversion and counter-intelligence) and Branch II (foreign intelligence, including liaison with foreign intelligence services).

Flower was regarded by his subordinates as a British agent who was also fostering Soviet advances in Africa.<sup>15</sup> "We just accepted that he [Flower] was pink. Everyone knew that," said a former CIO man. Anti-British sentiment was running so strong in Rhodesia that Flower was forced to put practically all British citizens under surveillance. MI-5, meanwhile, had its Rhodesia offices adjacent to Flower's in the same building. "It was open, because they used to come in and out of each other's offices all the time," recalled a witness to CIO-MI-5 collaboration in that era.

It was an open secret, that Flower was working to overthrow the Smith regime, in favor of self-avowed socialists such as Nkomo and

Mugabe.<sup>16</sup> At the same time, Flower and other British SIS assets in Branch II often set up the guerrilla forces to be slaughtered. Flower writes about bringing to Rhodesia the British techniques used against the Mau-Mau insurgency in Kenya. Captured guerrillas would be "turned" and employed as "pseudo-guerrillas" who could, because they were still trusted, walk up to their old comrades and kill them. Flower also claims he covertly arranged for the guerrillas to be given uniforms saturated with poison. Under the hot African sun, when the men began to sweat, the poison would seep into their pores, and they would die in agony.<sup>17</sup>

The likelihood was of a prolonged war in Rhodesia. Many Rhodesian security force strikes against guerrilla camps resulted in hugely lopsided victories, such as one raid into Mozambique in which the casualties were 4,000 to the guerrillas and ten to the Rhodesian forces. Only the pressure Henry Kissinger applied on South Africa in 1976, to cut Rhodesia's supply of oil, shifted the balance in a crucial way. Then Kissinger and the British took charge of the process of negotiations.

Ken Flower admitted, "[I]t was clear that Kissinger's proposals were British-based and that full British participation could be expected in their implementation."<sup>18</sup> Kissinger himself stated, "In my negotiations over Rhodesia I worked from a British draft with British spelling. . . ."<sup>19</sup>

Kissinger met with Smith on September 19, 1976, "and five days later Smith turned the world upside down for most Rhodesians by announcing that he had accepted the principle of majority rule."<sup>20</sup> In a radio broadcast on September 24, 1976, Smith alluded to the pressure he was under: "The American and the British Governments, together with the major Western powers, have made up their minds as to the kind of solution they wish to see in Rhodesia and they are determined to bring it about. The alternative to acceptance of the proposals was explained to us in the clearest of terms, which left no room for misunderstanding."<sup>21</sup>

An October 1976 conference held in Geneva to implement the agreements collapsed, but the Kissinger proposals defined the framework within which unrelenting Anglo-American pressure was applied over the next few years. When Kissinger was out of office during the Jimmy Carter administration (1977-80), the lead negotiators from the Anglo-American side were the British foreign secretaries, Dr. David Owen, during the Labour government, and, after the Conservatives returned to power in May 1979, Kissinger's sometime business partner Lord Peter Carrington.

In 1978, Ian Smith thought he had finally come up with a solution to satisfy London. On March 3, 1978, the Smith government and black leaders agreed on a transitional government to prepare for majority rule. In a January 1979 referendum in the white electorate on whether to ratify a new constitution that would ensure majority rule, 71 percent participated and 85 percent of them voted yes. In a general election held in April 1979, Bishop Abel Muzorewa won the Prime Minister's post with 64 percent of the vote. The Parliament was now controlled by a majority of Africans. But Nkomo and Mugabe had refused to participate in the elections.

The April elections were called fair by observer delegations from the New York-based Freedom House and the British Conservative Party. Lord Peter Carrington described the Tory mission: "Alan Boyd was sent out by Margaret [Thatcher], when she was still Leader of the Opposition, to report on whether the Rhodesian Election had been full and fair; and he, a man of great experience and probity, a previous Colonial Secretary, reported that it had indeed been full and fair. . . . I had not been Shadow Foreign Secretary at the time, but I and all of us had said, of Boyd, 'The Government will be guided by his conclusions.'"<sup>22</sup>

The Conservative Party took power soon thereafter, and Prime Minister Thatcher was prepared to recognize the new Zimbabwe-Rhodesia. But her Foreign Secretary, Lord Carrington, now rejected the election results. He claimed that he would have liked to recognize the "internal solution," as it was called, but "above all—which for me was decisive—it could not possibly be sold to the international community."<sup>23</sup> This was a bogus argument, as Ken Flower's account of a trip through Europe soon after Muzorewa's election reveals: "The French and German officials I saw on this trip confirmed that their governments would support Zimbabwe-Rhodesia against the Patriotic Front and that they and other European powers would back British government recognition of Muzorewa's government if Britain led from the front rather than from behind. Their stance, and that of the French-speaking Heads of State in Africa (who had all signified support for Muzorewa provided they were backed from Paris), was undermined by British diplomats in France who stated, too glibly, that they did not expect French support for Britain's position over Zimbabwe-Rhodesia."<sup>24</sup>

Faced with Carrington's duplicity, the multiracial Executive Council of the Rhodesia-Zimbabwe Transitional Government in March 1979

adopted a statement of alarm: "The national security of Zimbabwe-Rhodesia is seriously threatened by communist imperialism on the one hand and on the other hand by an ultraliberalistic philosophy of the present governments of Western powers, especially the United States of America and the United Kingdom."<sup>25</sup>

Carrington called a conference at Lancaster House in London beginning September 10, 1979, to force through his form of majority rule. This meant bringing to power Nkomo or Mugabe, with their Soviet- and Chinese-supplied armies. With the support of Flower, Rhodesian Finance Minister David Smith, and Armed Forces Commander Peter Walls, Carrington bludgeoned the Smith government into accepting new elections, in which the Patriotic Front of Mugabe and Nkomo would participate.<sup>26</sup>

The agreement called for Muzorewa, elected head of Zimbabwe-Rhodesia, to step down in favor of a British protectorate until the new elections could be held. The idea of a British governor returning, as in colonial days, provoked astonishment among both the Smith forces and the black leaders. When Carrington announced that a British governor would come, Nkomo asked, "Really? Will he have plumes and a horse?"<sup>27</sup>

Ken Flower, feigning indignation, expostulated on Carrington's treachery: "And the British were now giving way to PF demands, allegedly so that all parties would enter the elections with equal standing! It was a preposterous request. Such a derogation of status would not have been expected of any government anywhere in the world, certainly not in Africa where no nationalist leader had ever been known to relinquish power voluntarily and would lose all support if he gave way. . . . He had been elected by a majority of blacks in Zimbabwe-Rhodesia but was now being asked to betray them and cede power to his enemies."<sup>28</sup>

A distraught Bishop Muzorewa sought advice from Flower, who told him to step down. "I left the Bishop in no doubt that he was being martyred."<sup>29</sup>

Flower wept crocodile tears over the plan he had convinced the Bishop to accept, claiming that "I could only guess then at British double-dealing behind the scenes; it was to be several years before something of the extent of their duplicity emerged, such as the revelation that a senior Foreign Office official was given the job of handling a Foreign Office press campaign to discredit the Bishop and push Thatcher towards Mugabe."<sup>30</sup> He also reported that American CIA deployments helped dump Muzorewa,

in favor of the Patriotic Front. "CIO were in the process of uncovering extensive CIA operations in Zimbabwe-Rhodesia and other African countries, designed to undermine Muzorewa. This indicated, in effect, that the CIA were helping the PF."<sup>31</sup>

Flower was tasked to sell the Lancaster House agreement to the heads of the Rhodesian armed forces. "[M]y mission was to get them to abandon the Bishop, say goodbye forever to Ian Smith, and support the British."<sup>32</sup> For his activism in molding the impending elections, Flower wrote later, "I suddenly found myself being accused of being a 'top level British mole'."<sup>33</sup>

Under Carrington's Lancaster House plan, his friend Lord Christopher Soames would be sent out to Rhodesia as governor to oversee the election. To make sure the vote was "free and fair," Carrington sent an *unarmed* detachment of observers, who were of no use, especially in the rural areas where most black voters resided and the Mugabe forces were the strongest. Carrington himself recorded what happened:

The level of intimidation of voters was expected to be extensive, and in a statement to the Lords in February I had to acknowledge that there had been "large-scale" intimidation of the rural population. Intimidation was certainly not confined to any one faction, but the activities of Mugabe's followers, in particular, led to considerable revulsion, and there were many voices—not confined to white Rhodesians: some British civil servants felt the same—saying loudly that Mugabe's further participation in the Election should be forbidden. Christopher would have none of this. He was perfectly clear-eyed about intimidation but he saw without flinching that to disallow Mugabe's involvement would make nonsense of all we had been trying to achieve. . . .<sup>34</sup>

It was fairly obvious to all, that what Lord Carrington was "trying to achieve" was a Mugabe victory. A former Smith Cabinet minister, asked if he was taken by surprise by Mugabe's victory, recalled, "Well, I wasn't taken by surprise and a number of my colleagues weren't. We said what was going to happen. . . . Most of the population did not live in the towns, but out in the countryside, that was where you had to watch. You see, ten



days before the election I gave an address to the media [on the intimidation], and they didn't print a word of it. There were massive violations of the cease-fire. And they weren't allowing people to come into the areas to canvass and so on. There was an enormous amount of intimidation. It was coming mainly from the Mugabe camp. If you shoot your opposition as they are coming canvassing, you are going to win the election, aren't you?"

Muzorewa and Nkomo, who was running a separate slate from Mugabe's, could not even hold campaign rallies in much of the country. Said Nkomo, "The word *intimidation* is mild. People are being terrorized. It is fear. There is fear in people's eyes."<sup>35</sup> (Emphasis in original.)

In the event, Mugabe's party took 57 of the 80 black seats in Parliament.

At the Zimbabwean independence celebration ceremonies some months later, the Tanzanian foreign minister saluted Carrington: "Lord Carrington, I knew all along that you were going to fix it so that Mugabe won! But why by so much? Why did you make him win by so much?"<sup>36</sup>

The Zimbabwe-Rhodesia government trio who had worked with Carrington to impose the Lancaster House agreements were amply rewarded. David Smith became Finance Minister in the first Mugabe government, and General Peter Walls accepted a plush job in the South African military.<sup>37</sup>

And who should be the boss of Mugabe's security and intelligence services? None other than the man who had allegedly tried to kill him for all those years—Ken Flower. "I counted myself fortunate after Independence that Mugabe and [Minister of State for Security] Mnangagwa were content to keep me as Intelligence/Security Adviser and Head of CIO, although we had been so clearly opposed to each other throughout the pre-Independence era," wrote Flower in his memoir.<sup>38</sup> When Mnangagwa ventured to make a suggestion about CIO operations, Flower rebuked him, and "the point was taken. Mnangagwa left the professional control of CIO to me, while he provided the political link with the government. This made for very little change in Intelligence functioning, and as far as the rank and file of CIO were concerned there was virtually no change in executive or administrative control."<sup>39</sup>

Despite Tiny Rowland's scarcely concealed financial support for Joshua Nkomo, Rowland was on the inside track of the British-Mugabe

deal. Harvey Ward, the former director general of Rhodesian Radio and TV, tells of an incident in 1977, when one of Rowland's men let the cat out of the bag. "Lonrho's top black man and trouble shooter was a journalist with *Africa News* in Rhodesia, named Herbert Munangatire. Everyone knew he was Lonrho. He asked me to dinner one time, at the Thousand Horsemen restaurant in Salisbury, after which we went up to his suite in the Monomatapo Hotel, the Africa Suite. There he told me, 'Look, you must resign. Mugabe is going to take over. It has all been arranged. We will call you back later, when we need you.' I was shocked. I asked, 'Who is this message from?' And he said, 'From Tiny Rowland's group.' And this was 1977, three years before Mugabe took over! I called up Ricky May [from CIO] and he came right over, even though it was 1:00 a.m., to get the story exactly. He interviewed me for hours, took down every conceivable word I said."<sup>40</sup>

Today, Herbert Munangatire is on the board of directors of Lonrho Zimbabwe. The first person the triumphant Robert Mugabe received upon taking office, before any diplomat or any other businessman, was Tiny Rowland!<sup>41</sup>

Former London *Sunday Telegraph* editor Peregrine Worsthorne once commented, "I have even heard it suggested by a senior Conservative minister no less—echoing what might be called the Tiny Rowland or Lonrho philosophy—that the more degraded the political and social system, the easier it will be to extract the precious oil and minerals since trade nowadays follows not the flag, but the bribes."

This is another main plank of the "Lonrho philosophy." From the early 1960s, Lonrho has zeroed in on the most crucial sectors of any country it targeted, be it the major agricultural crop, the primary mineral wealth, or the main railway or pipeline to deliver these products to market and receive imports in return.

Already in 1962, "the conviction grew among certain sectors of the Rhodesian business community that the company was seeking to establish itself in key economic sectors of the Central African Federation," composed of Nyasaland (Malawi), Northern Rhodesia (Zambia) and Southern Rhodesia (Zimbabwe).<sup>42</sup> Calls were made in the Rhodesian Parliament for an investigation of Rowland. One Central African Federation official told a Rowland business associate at the time, "This man is acquiring simply too much power. He is a danger, and something must be done about him."

Thirty years later in Zimbabwe, Lonrho controls 98 percent of the country's oil supply, which must run through his Beira pipeline. In Malawi, Rowland set up the largest agricultural project in the nation and has a chokehold on Malawi's exports, through his control of the rail link to Nacala in northern Mozambique. In Kenya and Uganda, Lonrho monopolized coffee production by buying the company that warehouses, sorts, and ships Kenya's entire coffee crop and a large part of Uganda's. Coffee sales earn 95 percent of Uganda's foreign exchange.

By the end of 1972, Lonrho had such power over commerce in Kenya through 50 subsidiaries in that country, that a Kenyan cabinet minister declared in Parliament, "I found that they have taken over very many businesses in this country. I understand that even when we are discussing this matter here today, they are negotiating to buy some African liquor businesses. Very soon, Sir, if you are not going to be careful, you will go back home to find that even the utensils which your wives are using have been bought by the Lonrho group companies."<sup>3</sup> For many years, Lonrho's director in Kenya was Mark arap Too, natural son of Kenyan President Daniel arap Moi.

There are only five rail lines in southern Africa outside South Africa, a legacy of the colonial policy of building only the minimal infrastructure necessary to extract raw materials from the continent. With his recent land purchases near the Benguela railroad between Zambia and Zaire's Shaba province, and the Atlantic coast of Angola, added to Lonrho's control over the Nacala and Beira corridors in Mozambique, Tiny Rowland will dominate at least three of the five: the Malawi to Nacala route, the Zimbabwe to Beira route, and the Benguela line. A fourth line goes from southern Zimbabwe to the southern Mozambique port of Maputo; in both those countries, Rowland has great power. Rowland tried to win the contract to build the fifth rail line, the Tanzam linking Zambia to Dar es Salaam, Tanzania, but he lost out to the Chinese.

An Africa specialist in Britain recounted a 1991 discussion with "a guy really high up in British intelligence, who certainly would know a thing or two about Lonrho." This person "was saying that it was one of Tiny's longstanding ambitions to create a corridor, controlled by Lonrho, which ran from the Atlantic to the Indian Ocean. Now that would really mean controlling railways, the Benguela Railway, which used to be owned by Société Générale de Belgique. . . . And it would mean controlling

Zimbabwe, and then the Beira Corridor, which of course Lonrho has a big stake in. And it has also sometimes been pointed out that one of Lonrho's strategies appears to be to try and control the transport routes of most of southern Africa. Apart from the fact that it could be a good money-spinner, it is also vital for strategic importance. Ever since the Boer War a hundred years ago, control of transport routes is what imperial strategy has been all about in southern Africa."

The net result of British imperial maneuvers, civil wars, and Lonrho looting is the suffering and deaths of millions of people and the near impossibility for nations to establish themselves and develop.

Mozambique today is one of the poorest nations in the world, with an average annual per capita income of \$150, and an infant and child mortality rate among the worst in the world. Its industrial output today is only half of what it was in 1980.

On the verge of economic collapse in 1987, Mozambique was forced to sign a deal with the International Monetary Fund. The IMF designed an "Economic Recovery Program" (ERP) to guarantee servicing of the country's debt to international banks. Under ERP, living standards have collapsed still further. Unemployment rose and prices skyrocketed while wages and salaries were frozen, and Mozambicans are now forced to pay for education and medical assistance. The capital city, Maputo, has only ten buses and twelve streetcars for a population of 1 million.

Referring to the industrial base built up in Rhodesia/Zimbabwe under UDI, President Julius Nyerere of Tanzania admonished Robert Mugabe in 1980, "You have inherited a jewel in Africa. Do not tarnish it."<sup>4</sup> Today, one-third of Zimbabwe's labor force is unemployed. A good portion of the rest—25,000 people—is employed by Lonrho, the country's largest foreign employer. Lonrho completely dominates Zimbabwe, the "former Rhodesia and future Rowlandia," in the words of *Private Eye*.<sup>5</sup> Rowland's firm controls 98 percent of Zimbabwe's oil imports, mines 40 percent of its gold, and is its largest agricultural producer.

Since Mugabe came to power, Zimbabwe has performed well as a member of the British Commonwealth. It has paid more in interest than any country in Africa; its cumulative interest payments alone in the decade 1980-1990 exceeded the total 1980 debt.

Lonrho is the biggest plantation owner in Africa. In 1973, a journalist for the London *Daily Mirror* wrote about "the appalling conditions suffered

by workers on British-owned tea estates in Sri Lanka." Another publication, *Property and Finance*, filled out the picture.

And who should be among the principal owners? Why, Anglo-Ceylon General Estates Company, a wholly-owned subsidiary of Mr. Rowland's Lonrho! The Ceylonese tea-pickers are half-starved. They live in furniture-less hovels. There is no sanitation, just stinking tropical squalor. The Lonrho estate, of 2,000 hectares, employs 18,000 of them. The women pickers get the equivalent of 30 cents a day (the men, 40 cents) and virtually all their wages go into food that has to be bought in Lonrho's own store. Rice is almost the sole foodstuff: the pickers cannot afford meat, eggs, milk, sugar or even soyabeans.<sup>46</sup>

In 1987, the London-based Anti-Slavery Society blasted the working conditions for 11- to 16-year-old boys in Lonrho's Ashanti Goldmines. For pennies a day, the Society said in a report, up to 60 boys at any one time have to work almost naked in a pool of cyanide at the extractor plant of Ashanti. Because the boys are illiterate, they cannot read the sign in English, which explains how cyanide used in separating out the gold, can enter the body as dust, gas, liquid, or acid. Their supervisor must be able to read English, since he is always protected by heavy rubber boots, thick gloves, heavy clothes, and a respirator. But the boys are forced to work almost naked, in order "to reduce theft." Although they wear almost no clothing, "Nevertheless, they are daily subjected to the most degrading bodily examination as they leave work, including internal exploration of the rectum and the most intimate examination of their private parts. Few of the boys were able to work more than a month at a stretch because of nausea, headaches, dizziness, and other symptoms produced by the cyanide."<sup>47</sup>

At Lonrho's 100,000-acre plantation in Mozambique, ringed by barbed wire, laborers are paid about 63.2 Mozambican meticaïs a day—less than \$2, half of which they receive in plastic tokens. The tokens are redeemable only at the company store, where a pair of trousers costs 1,500 meticaïs and a shirt 1,000. According to *Private Eye*, "There is no truth to the story that the barbed wire is to keep the workers in."

## Notes for Chapter 7

1. Brig. Gen. Frank Kitson, *Gangs and Countergangs* (London: 1960); *Low Intensity Operations* (Harrisburg, Pa.: 1971).
  2. *The Spectator*, October 25, 1986.
  3. When it came time to stop the civil war, which by 1992 had entirely prostrated the country, Rowland called on his old friend Robert Mugabe of Zimbabwe to broker a meeting between the bitter enemies, President Chissano and Renamo leader Afonso Dhlakama. According to a source involved in the negotiations, Rowland overcame Renamo's extreme reluctance to sign a peace treaty with a pledge of \$6-8 million to finance Renamo's transformation into a political party.
  4. The South African government of Prime Minister B.J. Vorster reportedly had cables demonstrating Kissinger's collaboration with either the MPLA, the Soviets, or both, to keep the MPLA in power. Although South African threats to release such cables were reported, they never did.
  5. *Washington Post*, "Angolans 'Re-Begin' with Democracy," July 12, 1991.
  6. Martin Meredith, *The Past is Another Country: Rhodesia U.D.I. to Zimbabwe* (London: Pan Books Ltd., 1980), p. 316. Meredith wrote, "[Rowland] also began to help the Rhodesian nationalist movements, sometimes by providing cash, more often with personal favours such as the use of the company plane and the payment of hotel bills and other expenses. ZANU, in 1974, was the first to benefit from Rowland's generosity, but by 1977 all the nationalist factions had found him a useful friend." Mugabe became the leader of the Zimbabwe African National Union (ZANU) in 1975.
  7. Some Rhodesians questioned whether the Royal Air Force, many of whose pilots trained in Rhodesia during World War II, would attack their Rhodesian "brothers" if ordered. According to this line of thinking, Wilson did not have the option of attacking Rhodesia. That point may be debated, but the coincidence of Wilson's assurances with British postures such as the leniency toward oil companies continuing to supply Rhodesia, raises the question of whether these actions were not deliberate.
- Thoughtful Rhodesian officials would ask themselves in later years, if UDI had been a "set-up," somehow part of British planning all along. For much of the next fifteen years, the area would be polarized between the "front-line states" and the white minority regimes, Rhodesia and South Africa. This polarization, compounded by the fighting which spilled across borders, destroyed any possibility of economic development for the region, and thus the possibility for true sovereignty and independence for any countries in the region.
- The Rhodesian question exemplifies the living tragedy, for blacks and whites alike, created by over a century of British imperial policy in the area. Had the Kruger tendency in South Africa of economic development and bringing Africans into full citizenship been allowed to proceed, the entrenched problems of the 1960s—which the British then manipulated on both sides—would not have existed. The problems of Rhodesia in the 1960s and 1970s, and of South

Africa today, had their genesis in British actions during the "Boer War." The British drew the Zulus into an alliance against the Boers near the end of that war, and then, having crushed the Boers, turned on the Zulus, whom they finally defeated in 1908.

Continuing the divide-and-conquer tactics, the British denied native Africans any political rights under the 1909 South Africa Act, passed by the British Parliament, which established the Union of South Africa. Their message to the defeated Boers was, in effect, "Cooperate with us in running South Africa, and you can have the Africans as your slaves." Similar racist policies were embedded in British-ruled Rhodesia, creating the conditions under which the British in the 1960s would stoke up the justified grievances of the Africans—which the British themselves created—to turn against the white minority.

8. Meredith, p. 316.

9. Ibid., p. 315.

10. Hall, *My Life With Tiny*, p. 132.

11. Meredith, pp. 32, 246, 351. Ken Flower, *Serving Secretly, Rhodesia's CIO Chief on Record* (Alberton, R.S.A.: Galago, 1987), pp. 2, 110-11, 132, 138, 166. Cadre from the Zimbabwe African Peoples' Union (ZAPU) went to communist countries for training, beginning in 1962, shortly after ZAPU was founded. Meredith relates how, in the 1970s, divisions arose between "older guerrillas who had been trained in the Soviet Union, China and North Korea and who wanted a revolutionary war, and the more numerous recruits who wanted simply a war of liberation." Flower writes that the Soviets trained members of the ZAPU-run Zimbabwe People's Revolutionary Army (ZIPRA) in conventional warfare, and that Moscow reportedly offered to supply ZAPU with MiG fighter aircraft.

ZAPU, led by Joshua Nkomo, was the movement preferred by the Soviets. The Zimbabwe African National Union (ZANU), led by Mugabe after 1975, turned to the People's Republic of China for aid as early as 1963, when ZANU formed as a split-off from ZAPU. Flower reports that in that year, the first group of Zimbabwe African National Liberation Army (ZANLA, the armed wing of ZANU) members went to China "to be trained in sabotage." Chinese instructors also influenced ZANLA planning, Flower says, so that in 1969, "ZANLA . . . was undergoing a change of tactics along the lines of Mao Zedong's teaching—to politicise the masses before preparing to strike." During the 1970s war, according to Meredith, "Mugabe continually complained that he had many more recruits for his army than guns, for his main supplier, China, never provided enough, and Russia at that time had no intention of building up a rival force to Nkomo's."

Flower, who declined to characterize the guerrilla movements as a "communist" threat, nevertheless acknowledged in a 1976 intelligence report, "Soviet exploitation of African nationalist aspirations has been escalated."

12. *Sunday Times*, London, October 9, 1977.

13. Meredith, pp. 315-16.

14. Flower, p. 14.

15. Ibid., p. 92. Flower recalled his efforts "to strengthen my links with British Intelligence. . . . I contrived to visit relatives in UK several times a year from 1968 and 1980 and was then able to restore some contact." According to one former Rhodesian Intelligence staffer, Flower was friends with Nicholas Elliott, the Lonrho Board member, former intimate of Anglo-Soviet spy Kim Philby, and former head of the Africa desk at MI-6.

16. Ibid., p. 209. Flower's memoir amply reveals his unanimity with London on this desired outcome of the conflict. In this passage, Flower recalls that, in April 1978, he wrote in his diary, "the best prospect (for a political solution) is to encourage the return of Nkomo, even if it means he must take over as boss-man." Flower had an insider's knowledge of ZAPU and ZANU: "CIO's penetration of the guerrilla organisations from pre-UDI days until the early 1970s was as complete as it could have been. There was virtually nothing we did not know of their inner workings at all levels, for our informers served us no less faithfully than they served their nationalist leaders. We knew who had been recruited, where they came from, where they went for training and when they were likely to return."

17. Ibid., pp. 9, 115, 124, 137. CIO's "pseudo-operations" attracted "vain-glorious extroverts and a few psychopathic killers," in Flower's own words.

18. Ibid., p. 164. In a speech at the Royal Institute of International Affairs' Chatham House, on May 10, 1982, Kissinger admitted that he had been a British agent while he was U.S. Secretary of State: "The British were so matter-of-factly helpful that they became a participant in internal American deliberations, to a degree probably never before practiced between sovereign nations. In my period in office, the British played a seminal part in certain American bilateral negotiations with the Soviet Union—indeed, they helped draft the key document. In my White House incarnation, then I kept the British Foreign Office better informed and more closely engaged than I did the American State Department."

According to Flower (pp. 166-67), Kissinger at these talks also repeatedly demanded accommodation to the viewpoint of the Soviets, who were not present. "He did not want to trace the road to majority rule, only to have it rejected by the Russians."

19. Flower, p. 164.

20. Ibid., p. 153.

21. Ibid., p. 170.

22. Peter Carrington, *Reflect on Things Past: The Memoirs of Lord Carrington* (Glasgow: 1989), pp. 289-91.

Descended from a powerful banking family ennobled for its services to William Pitt the Younger in the eighteenth century, Carrington barely escaped the noose in the early 1960s, when he was rumored to have been caught in a homosexual liaison with a Soviet spy in the Admiralty, John Vassall, an affair covered up by MI-5 chief Roger Hollis. Hollis' extraordinary behavior in the



Vassall affair, such as blocking the interrogation of an admiral suspected of being a Soviet spy and ordering all papers on the case burned, is chronicled by Chapman Pincher in *Too Secret, Too Long*. British author Morris Riley writes in *Philby, The Hidden Years*, "Following the arrest of Vassall, Special Branch officers, whilst searching through Vassall's flat, found letters between Vassall and the (now) Lord Carrington. . . . This finding caused a minor political scandal for Carrington, when he was almost forced to resign."

23. Carrington, p. 290.

24. Flower, p. 226.

25. *Ibid.*, p. 222.

26. Members of the Rhodesian delegation who resisted this arrangement were blackmailed or killed. John Giles allegedly committed suicide by jumping from his hotel room window after a sharp argument with Carrington. British SIS arranged for the seduction of the wife of another delegate who resisted the deal; when shown certain pictures, he suddenly gave up his opposition.

27. Carrington, p. 302.

28. Flower, pp. 237-38.

29. *Ibid.*

30. *Ibid.*, p. 239.

31. *Ibid.*, p. 222.

32. *Ibid.*, p. 241.

33. *Ibid.*, p. 275.

34. Carrington, p. 303.

35. Meredith, p. 402.

36. Carrington, p. 294.

37. Asked why the Rhodesian military did not revolt against a clearly illegal election, a former top member of the Smith regime replied, "We know some of the reasons why some of the things did not happen at the end. We do know now why a man like Peter Walls didn't actually sort the thing out when it was obviously all going wrong. Because he was given a very good reason for not doing so because of an arrangement with the South Africans . . . for his own personal interest. The South Africans said, look we'll look after you if you get all our kit out of the country, if the election goes wrong. So do you think he is going to hang around quibbling about who wins the election after that? He told me that himself." An additional, deeper reason for Walls' behavior might be his close ties to the British, dating from his service with British special forces in Malaya.

38. Flower, p. 272.

39. *Ibid.* As astounding as Mugabe's keeping the man who ostensibly had run the secret war to exterminate him, is the rationale widely accepted today for why he did so. One Africa specialist, after suggesting that Mugabe probably wanted to "send a signal to the whites that they were safe," added, "I think more importantly, he knew; if he sacked all those guys he'd be in big trouble because he wouldn't know what was going on. And that they would simply go

to South Africa or elsewhere and they would simply destabilize him, and that he couldn't survive that. So really he had to keep them on, if he was to survive in power."

40. During the UDI period, Harvey Ward spoke at many public meetings, warning that there was an Anglo-American and Soviet deal to turn the country over to Marxist or Maoist radicals. His political opponents smeared him as "the Goebbels of southern Africa."

41. Later, when Mugabe's forces committed widespread atrocities, including slaughtering over 5,000 people in Nkomo's home territory of Matabeleland in southwestern Zimbabwe, Nkomo spoke out publicly in London against the mass-murder. The flood of money, airplane tickets, and paid hotel bills stopped immediately. Nkomo said, "At the darkest moment of my life, the man I regarded as a friend withdrew his help and left me without either money or a place to live, at 12 hours' notice." (Hall, p. 178.)

42. Cronjé et al., *Lonrho*, p. 19.

43. *Ibid.*, p. 38.

44. Flower, facing p. 155.

45. *Private Eye*, No. 464.

46. *Property and Finance*, May 1974.

47. Anti-Slavery Society for the Protection of Human Rights, "Child Labor in Ghana," Submission to the Working Group on Slavery, 1987.

## EIGHT

## The Last Sweep of the 'Winds of Change'

*Anglo American prepares. . . . A scheme for minority rule. . . .  
The ANC and the South African Communist Party. . . . Cambo-  
dian terror training. . . . If South Africa broke from Brit-  
ish control. . . . The Ponto plan. . . . Lonrho at your service. . . .  
The "good governance" gambit*

The "Winds of Change" are now blowing through the Republic of South Africa, where Harold Macmillan made his fateful speech over three decades ago. On March 17, 1992, 69 percent of the white electorate voted to continue the political reforms of President Frederik de Klerk, which will result in majority rule in the near future.

Newscasts showed blacks and whites embracing, filled with hope for the new South Africa. But, as in the rest of Africa, the British and American circles steering the process intend the aspirations of black and white South Africans alike to be rudely crushed. Once again, Tiny Rowland and Lonrho have their part to play.

Representatives of the Anglo American Corporation, now and again, have expressed the British gameplan for South Africa. Descended from Cecil Rhodes' empire, this company as of 1990 controlled fully half the firms whose stock is traded on the Johannesburg Exchange. It has a virtual monopoly on the South African media and has been, in the words of a Johannesburg insider, "a major political power on the left for decades."

Almost to a man, the top leadership of Anglo American graduated with PPE degrees (politics, philosophy, and economy) from Oxford. The British uppercrust strain at Anglo is so pronounced, that the editor of a Johannesburg daily, himself of English ancestry, described it as "culturally bizarre." It was at Anglo that Jan Smuts and his associates regrouped in 1948, after their expulsion from the South African government, and plotted how to bring South Africa back under British rule. In a famous incident in 1985, then-Anglo American Chairman Gavin Relly led a delegation of South African businessmen to Lusaka, Zambia to meet with the leadership of the African National Congress (ANC), which was in the political doldrums at that time.<sup>1</sup>

In early 1990, a top executive of the Anglo American Corporation spoke candidly to a journalist in Johannesburg. "Let the blacks rule," he said. "We'll make a lot more money out of a black government than out of a white one, because they would be a lot easier to manipulate." Added one of his colleagues, "It doesn't bother us if a radical black regime comes in. We'll just put up the fences and keep pulling the minerals out just the same."

Back in the 1960s, another Anglo executive took a childhood friend of his out on a windswept beach outside Cape Town, where they could talk without being overheard. The friend, a patriot of the Republic of South Africa, had expressed unease over Anglo's policies even then. The Anglo executive told him, "There is a plan, a long-term plan, that within 25 years, South Africa will be turned into a country which can be controlled from the outside."

To succeed, majority rule would require a government that represented the major black political organizations (with appropriate safeguards for the white population), anchored in an expanding economy. Without both of these conditions, disaster looms—civil war on the scale of the fighting in former Yugoslavia in 1991 and 1992.

By funding and propaganda, however, British and American elites have made amply clear that the African National Congress is their choice to rule South Africa. European and U.S. newspapers convey that the ANC represents the majority of black South Africans. It does not.

The ANC has at most 500,000 card-carrying members, compared, for example, to the 2.8 million members of Zulu Chief Mangosuthu

Buthlezi's Inkatha movement. Based largely in the Xhosa tribe, of which ANC leader Nelson Mandela is a prince, the ANC represents approximately half of the 5.5 million Xhosa. Other factions of the Xhosa people, such as those in the Ciskei homeland, oppose the ANC. The Zulus number 8 million. Of these, 25-30 percent are urbanized and are considered to be ANC supporters. The rest support the Inkatha Freedom Party. Major portions of other tribes, such as the Tswanas, 1.8 million of whom live in Bophuthatswana, are at bitter odds with the ANC.

However, as violence escalates, the cleavages will be inevitably drawn more sharply along tribal lines. There have been numerous reports of ANC supporters throwing people off trains, or shooting them, because they were heard speaking Zulu.

When it was founded in 1912 as the South African Native National Congress, the ANC's leaders were mission-educated ministers, lawyers and other professionals whose idea was to supersede tribal loyalties in favor of the common interests of all black Africans. Its Christian outlook was reflected into modern times in the person of Chief Albert Luthuli, winner of the 1960 Nobel Peace Prize, who was ANC President-General from 1952-67. He was a staunch anti-communist.

In 1921, Lenin sent a number of communists to South Africa to found the South African Communist Party (SACP). The new party began its bid to control the ANC soon afterwards. By 1928, the Comintern instructed the SACP "to pay particular attention to the ANC" in order to establish an "independent native republic" as a stepping stone to communist rule.<sup>2</sup>

When the SACP was banned in 1950, many of its cadre joined the ANC in order to continue their work under a new cover. According to *Comrades Against Apartheid*, a well-documented new book by British Africa specialist Stephen Ellis and a member of the ANC and SACP writing under the pseudonym Tsepo Sechaba, "During its time underground, the Party made the cornerstone of its strategy the effective takeover of the ANC."<sup>3</sup>

In 1982, former ANC and SACP member Bartholomew Hlapane testified before hearings of the U.S. Senate Subcommittee on Security and Terrorism that already in the 1950s, "no major decisions could be taken by the ANC without the concurrence and approval of the SACP Central Committee. Most major developments were in fact initiated by the Central Committee."<sup>4</sup> Several months later, the ANC/SACP's armed wing, Umkhonto we Sizwe (known as MK), assassinated Hlapane in Soweto.<sup>5</sup>

By the time ANC leader Nelson Mandela was freed from prison and

the ban lifted on the ANC in February 1990, all but eight of the organization's 35-person ruling National Executive Committee were members of the SACP.<sup>6</sup> Two years later, the Executive Committee had expanded to 105 members, of which at least three-quarters were admitted SACP members, according to lists published in the London-based *Africa Confidential* newsletter and in major South African dailies.<sup>7</sup> The ANC is dominated by its 26-person National Working Committee, composed of full-time paid staffers, the majority of whom are also SACP cadre.

A South African military analyst summed up the situation: "More than 90 percent of the permanent, the full-time posts in the ANC, are controlled by South African Communist Party members. These are all your political commissars, for example, the party organizers, all the planning staff, the permanent staff. So it is impossible for the ANC to divorce itself from the Communist Party. If they do, there is nothing left. Their whole party machinery, their whole planning, their mechanism, the whole top structure will simply just not be there, if they divorce themselves from the Communist Party."

The SACP has often belittled its control over the ANC, but SACP Secretary General Chris Hani spoke frankly at a two-day Party conference in November 1991, in the Western Cape. "We in the Communist Party have participated in and built the ANC," Hani said. "We have made the ANC what it is today and the ANC is our organization."<sup>8</sup>

The ANC's arsenal of struggle acquired a horrible new dimension after a 1978 trip its leadership took to Cambodia, when the murderous Pol Pot regime was still in power. The SACP organized this travel. Its purpose, according to a former member of the ANC, was to "learn how the revolution had triumphed," and to apply the methods of the Indochinese communists to Africa.

Mwezi Twala, former ANC senior political commissar and Chairman of the Returned Exiles' Coordinating Committee, reported on the upshot in an October 8, 1992 interview with *EIR*. "It was only after learning from the Khmer Rouge . . . that they came back, and it was only then, in 1979, in January, that they sent us to go and erect that prison, the notorious Quatro [in Angola]. It means they went to learn." The ANC executive ordered the construction of prison camps in Angola, Tanzania, Zambia, and Uganda to intern those of their own members who questioned ANC policy. Such dissidents were tortured and often killed.

According to informed estimates, some 600 ANC members disap-

peared or were murdered in the camps, while another 1,000 or so, out of an MK force estimated at only around 6,000, were killed in "liberation wars" outside South Africa. Even the pro-ANC U.S. State Department reported in its 1990 annual human rights survey, "Numerous, credible reports of torture and mistreatment by ANC security personnel of ANC defector-detainees at ANC refugee camps continued in 1990."<sup>9</sup>

The influence on the ANC of the Khmer Rouge genocidalists was also seen in the ANC-sponsored "people's courts" in the black townships, where youth were encouraged or even forced, to turn on their elders. As in Peru, where the psychopaths of *Sendero Luminoso* make everyone in a village cut a piece of flesh from a living victim, informants in the townships were forced to flog their friends or family members with iron bars or wire, or even to necklace them—to kill by means of a tire filled with burning gasoline thrown over the head.

ANC Security began to recruit 12- or 13-year-old youngsters who could be brainwashed to kill on command. These youth, as Mwezi Twala put it, "don't ask questions, but just carry out orders." The pool of such youngsters grew, as the ANC/SACP campaigned with the slogan, "Liberation before education." Students were forcibly kept from attending school, and, again on the model of Pol Pot's Cambodia, many schools were burned to the ground. One estimate is that 5.4 million children, an entire generation, are illiterate because of this policy.

The ANC's apparent support derives from its practice of mass intimidation, including assassinations and necklacings. In his interview to *EIR*, former leader Twala described how the ANC is able to turn out crowds for its "mass action."

Mass action, for instance. That there's going to be a stay-away, for instance, everybody musn't go to work. Someone has got his own commitments with his family. He has children at school. He is paying his furniture, car installment, his house is bonded, all those things. I mean he knows his own financial situation and he does not believe in the ANC and their campaigns, but he will die for that. His property will be destroyed. His children will be necklaced. All those sorts of things happen. It is a common occurrence now.

The pace of violence in South Africa is escalating. There were 26,000 murders there in 1991. From January to July of 1989, attacks on the police and army averaged 33 per month, while in the year after the ANC's legalization, they averaged 480 per month. Buthelezi's Inkatha Freedom Party has released a list of 350 Inkatha leaders assassinated by the ANC/SACP.

An ANC *minority* government, ideology aside, is inherently unstable. That is what the British and American Establishments desire.

For over a century, South Africa periodically threatened to break out of British control. Under the leadership of President Paul Kruger and with support from German industry, the Boers fought the British. It was a political conflict in the 1880s and 1890s, followed by the armed hostilities of the "Boer War" (as the British styled it) of 1899-1902. In 1948, the National Party expelled the anglophile Prime Minister Jan Smuts and adopted a dirigistic program that turned South Africa into an industrial power, as opposed to only an exporter of raw materials—although the country was badly marred by the National Party's adherence to apartheid.<sup>10</sup> By referendum in 1960, South Africa declared itself a republic, and soon left the British Commonwealth.

The prospect of solutions in South Africa, and southern Africa generally, based on economic development surfaced again in the late 1970s, with the activities of West Germany's Dresdner Bank head Juergen Ponto. Working with South African forces typified by Dr. Robert Smit, managing director of the Santam International Bank, Ponto planned not merely a German-South African axis based on strategic minerals, but an in-depth industrialization program for the region, utilizing nuclear power and importing capital goods from West Germany. Implementation of the Ponto plan would have created the economic basis for a successful transformation to majority rule, in contrast with the British approach of coupling pious proclamations against apartheid and for majority rule, with destructive economic measures such as sanctions, usury, deregulation, and privatization.

The Ponto plan was never brought to life. Juergen Ponto was assassinated by the Baader-Meinhof terrorist gang in July 1977. In South Africa, Smit was assassinated later the same year.<sup>11</sup> *EIR* charged that these assassi-



nations were orchestrated by British Intelligence, in conjunction with the Soviet KGB.<sup>12</sup>

Who benefited from the elimination of Ponto? This was the era of the Kissinger and Carrington project to usher in a Mugabe regime in Zimbabwe. Without Ponto's efforts for industrial projects, there was no longer an alternative to the British agenda for southern Africa.<sup>13</sup>

The British are well aware of how decisive economic policy will be as South Africa moves toward majority rule. Clem Sunter, then an assistant to Anglo American Corporation boss Harry Oppenheimer, made a highly-publicized speaking tour of the country in 1989 and 1990. He put forward a scenario crafted in the "scenario planning" unit of Royal Dutch Shell, and later summarized in Sunter's book, *The World and South Africa in the 1990s*. His message dominated public discussions of the transition period into which South Africa was just then entering.

Sunter, an adviser to President de Klerk, acknowledged that "no new political dispensation will work unless it is accompanied by a successful economic model," and that since "centrifugal forces, with the potential to rend this country apart, will be strong during the transitional phase. . . . One potential disaster during the transitional process is a failure of economic growth for external or internal reasons."<sup>14</sup>

What was Sunter's employer, Anglo American Corporation; bastion of British finance, dialogue partner of the ANC, and owner of half the companies on the Johannesburg Stock Exchange, doing during the 1980s? According to economists at the University of South Africa, it was frantically disinvesting out of the South African economy, pouring over \$18 billion into the U.S. alone during the decade!

On the verge of majority rule, South Africa's economy is crumbling. Unemployment rates for both blacks and whites are worse than in the Great Depression.

Measures proposed by Clem Sunter would destroy the economy even more. He says that South Africa should privatize, deregulate, and move away from the era of "huge industrial complexes." In place of industry, he prescribes "services," an expansion of the "informal sector" (black market), and the transformation of South Africa into "Cape Kong"—a new Hong Kong, its economy kept afloat by drug money and sweatshop labor.

All of this, though Sunter fails to mention it, will be overseen by the

International Monetary Fund, whose promise of a \$2.5 billion loan upon transition to majority rule, has reportedly been a spur to the reforms.

Tiny Rowland is a business partner of Anglo American Corporation and a major power in the Republic of South Africa in his own right. Lonrho is the largest foreign employer in the country. It has large holdings in platinum, gold, and coal, and contracts with the state armaments company, Armscor. A Lonrho South African subsidiary, Matrix Products (Ptye) Ltd. "has three divisions engaged in the manufacture of explosives, ammunition and weapons (air and ground). . . ."<sup>15</sup> Matrix has a security dispensation not to file any documents with government agencies.

At the same time, Rowland has reportedly funded the ANC. In May 1989, after the ban on the ANC was lifted, a South African intelligence source said, "The ANC was given \$20 million by Rowland to move their offices from Lusaka to Johannesburg to consolidate their internal support. This happened within the last two months. . . . The whole ANC financial package to come to South Africa is from the British Government and Lonrho. The idea is to set up the political machinery inside South Africa. This costs a lot of money."

The intelligence expert added, "The Gulbenkian Foundation [in Lisbon, Portugal] financed UNITA [in Angola] and is now financing the ANC for the British government. The CIA also gave the Gulbenkian Foundation the money for Renamo, UNITA, etc. They won't take money from the Yanks, so the Yanks run it through the Gulbenkian Foundation. Gulbenkian earns the interest on the funds, then passes it on to the ANC. In South Africa, Lonrho and the British government finance the ANC, period! The ANC is setting up offices in Johannesburg and Lonrho is paying for it."

When ANC leader Oliver Tambo had his heart attack on August 12, 1989, a Lonrho jet whisked him to London for the best treatment money could buy. Tambo and Rowland were "in regular touch," reported the London *Sunday Telegraph*.<sup>16</sup> Two years later, according to sources in South Africa, Lonrho purchased a mansion in the Sandhurst section of Sandton, a posh Johannesburg suburb, for the new ANC Secretary General, Cyril Ramaphosa.

As of 1991, Lonrho completed a major capital expansion in South

Africa. In late 1990 and early 1991, a wave of excitement hit London and Johannesburg markets over rumors that Lonrho was planning a merger with one of South Africa's biggest mining finance houses, Gencor. Gencor administers fifteen gold mines and has major interests in coal and oil, woodpulp, steel and industrial products. It already holds a 25 percent stake in Lonrho's subsidiary Western Platinum. With a full merger, the *Sunday Telegraph* noted, "The joint company would be a colossus in southern Africa."<sup>17</sup> It would rival Oppenheimer's Anglo American Corp.

Unlike Lonrho, Gencor is also highly regarded for the depth and quality of its management structure. Before Gencor Chairman Derek Keys, 60, left the company in 1991 to take a post in F.W. de Klerk's government, he was widely regarded as a likely replacement for Rowland, 74, as chairman of Lonrho. According to a London stockbroker, "When Derek Keys took over Gencor, which was in 1986, he said we have two role models to follow. One is DeBeers, and one is Lonrho. He has used Lonrho as a model to develop the business. Gencor has been a terrific success."

So far, Rowland has balked at the Gencor deal, reportedly because it would give Sanlam, the South African insurance giant that owns 27.4 percent of Gencor, a stock holding in the new company larger than his own. Rowland would not have been the undisputed boss of such a firm.

While South Africa slides toward a British version of majority rule, London has raised the new battle cries of "good governance" and "multi-party democracy" for Africa. These innocuous phrases mask the agenda of the New World Order, which outlaws economic development for Third World countries. Regimes which do not meet the Anglo-American elites' definition of "good governance" are likely to find themselves destabilized or overthrown.

Her Majesty the Queen announced this new era in an October 1991 speech to the leadership of the Commonwealth's newest member, Namibia. The London *Daily Telegraph* captured her tone under the ominous headline, "Queen delivers a warning to black leaders." As the *Telegraph* noted, the speech "broke the rule that the Queen never involves herself in controversy or political debate."<sup>18</sup>

Today, Africa is in a period of political flux. For too many African countries the past few decades have been unhappy

ones. Policies conceived in idealism have too often led to autocracy and economic stagnation. Populations have grown faster than the capacity of the land to support them. Drought, disease and war have exacted a heavy toll, and apartheid has sown bitterness and confrontation throughout the Continent.

But now, at last, there is real hope of change and regeneration. Apartheid is dying, and South Africa is starting to plan a future in which all its citizens will be equal partners. Other governments, as well, are sharing in a movement towards greater economic and political freedom—forces, it seems, as irresistible as those which once gave birth to the Continent.

And not a moment too soon, for the problems to be solved are as great as the opportunities. Poverty, illiteracy, prejudice, and overpopulation, environmental degradation—*good government and international cooperation are going to be tested to the full.* More and more, though, African leaders are recognizing that the answers must and will come primarily from Africa itself. . . . (Emphasis added.)

It was not politic for the Queen to say outright: If you do not install regimes ("good government") which will be compliant to our looting, then we shall cut off all aid, and overthrow them ("international cooperation").

From Namibia, the Queen proceeded to a Commonwealth summit in Harare, Zimbabwe, where the Mugabe regime bulldozed down the shacks of poor squatters around the city, lest Her Majesty be embarrassed. At the Harare meeting, the Queen's white dominions—Britain, Canada, Australia, and New Zealand—attempted to shove the "good governance" agenda down the throats of the Commonwealth's other 46 members, an overwhelming majority of which opposed it. The British rejected the draft document prepared by India, which emphasized economic development as the fundamental task and fundamental human right, and substituted one calling for good governance as a precondition for any aid.

Indian Prime Minister P.V. Narasimha Rao expressed the thoughts of the majority of Commonwealth members when he protested, "In India we have a vibrant democracy. But we have many problems relating to meeting the basic needs of food, shelter, and health care, among other things. . . .

These are questions to be answered. Democracy cannot progress or be strengthened unless the pressing problems facing the people are solved."

African leaders, the African "big men" like Zambia's Kenneth Kaunda, Kenya's Daniel arap Moi, or Mobutu Sese Seko of Zaire, are now being shoved aside, in what the *Washington Post* glowingly terms "the remarkable process of democratization sweeping many corners of Africa, a continent long burdened by single-party governments, unaccountable kleptocracies and harsh military rulers."<sup>19</sup>

In October 1991 elections, the Zambian government accused former U.S. President Jimmy Carter, who came as an observer, of "campaigning for the opposition." President Kaunda lost, capturing less than 19 percent of the vote. The new President, Frederick Chiluba, was expected to do what Kaunda had refused to—"liberalize" the economy for intensified foreign looting. Reuter quoted a Western diplomat after the election, "Unless the right moves are made to correct the situation, this country's economic future is disastrous. Chiluba's first big political test will be increasing the maize price and the donors don't want to hear 'I cannot do it now,' the diplomat added." Scrapping the subsidies on maize, the impoverished population's staple food, led to riots on two earlier occasions, but it would be a "vital measure in the reform program backed by the World Bank and the International Monetary Fund," said Reuter. On December 14, 1991, Chiluba did double the price of maize, as he prepared for negotiations with the IMF.

In Kenya, observers were shocked in October 1991 when Tiny Rowland's *Observer* ran a front-page attack on President Daniel arap Moi's former private secretary, long-time Cabinet Minister Nicholas Biwot, for the alleged murder of Kenyan Foreign Minister Robert J. Ouko. Rowland had only the chummiest of relations with Moi for three decades. Timed with the *Observer* attack on President arap Moi, through Biwot, came an undiplomatic demand from U.S. Ambassador Smith Hempstone, for "multiparty democracy" in Kenya. Arap Moi has charged that Anglo-American-fostered "democracy" would bring the return of bloody tribal warfare to Africa.

The effect of the British and American assault against Africa was summarized in an October 6, 1991 article in the *Washington Post*: "In recent years, more than 30 African nations—staggering under a combined foreign debt of nearly \$270 billion and crippled by shrinking domestic

income—have been forced to embark on strict economic reform programs accepted to obtain the aid of the World Bank, the International Monetary Fund and other foreign donors that Africans had frequently excoriated as sinister instruments of neocolonialism."

The more such measures are implemented, the further the continent will descend into ungovernable chaos. Such conditions will lead to inevitable international calls for advanced sector "trusteeship" over African countries.

In that case, the British flag might once again fly over the territory now privately administered by the Queen's buccaneer.

## Notes for Chapter 8

1. David Pallister, Sarah Stewart, Ian Lepper, *South Africa Inc.: The Oppenheimer Empire* (London: Corgi Books, 1988), pp. 144, 263.

2. Stephen Ellis and Tsepo Sechaba, *Comrades Against Apartheid* (Bloomington: Indiana University Press, 1992), p. 17.

3. *Ibid.*, p. 10.

4. "The Role of the Soviet Union, Cuba and East Germany in Fomenting Terrorism in Southern Africa," Hearings before the Subcommittee on Security and Terrorism, U.S. Senate Judiciary Committee, chaired by Sen. Jeremiah Denton, Government Printing Office, 1982.

5. Ellis and Sechaba, p. 39. Senator Jeremiah Denton later recalled, "One of the most painful experiences of my life was the interview of . . . Bartholomew Hlapane, who had held leadership positions concurrently in the ANC and the South African Communist Party. He told me that as a result of his testimony he knew that he would be assassinated. Indeed on December 16, 1982 within weeks of the publication of our hearing report he was murdered because of his testimony, and the ANC publicly took credit for the assassination referencing his testimony at the hearing." (*Congressional Record*, Monday, June 20, 1983.)

6. *Africa Confidential*, London, May 4, 1990.

7. *Africa Confidential*, February 1992, documents the overlap between the SACP Central Committee and the National Executive Committee of the ANC.

8. *Aida Parker Newsletter*, December 1991, p. 9.

9. *The Roca Report*, March, 1991, p. 5.

10. The National Party itself had two main factions, an anglophile wing based in the south coastal region of the Cape, and a nationalistic wing centered in the Transvaal. The Transvaal faction pushed through the post-1948 industrialization.

11. Smit was killed on November 22, 1977. Two days later, the *New York Times* wrote, "He was a highly regarded economist, frequently visiting Europe

and the United States, and was expected to become the country's next Finance Minister." In 1975, Smit was director of the South African Department of Finance, but he resigned that post in January 1976 to become managing director of the newly-formed Santam International Bank. *The Financial Mail* of January 23, 1976 reported, "The resignation two weeks ago of Director Robert Smit from the Department of Finance and his appointment as MD of a new company, Santam International, has taken many bankers by surprise. After months of speculation, Smit has finally revealed his plans; he hopes to be instrumental in raising foreign capital for 'the new era of industrial development in South Africa.'" (Emphasis added.) Former Finance Minister Nico Diederichs, who in July had issued a tribute to the slain Dresdner Bank chief Ponto as a "friend and adviser," eulogized his other friend, Smit, as "without doubt one of the best-equipped people in the field of finance and commerce that the country possessed. His future was great. His passing is an incalculable loss for South Africa." With the Ponto plan in mind, South African Prime Minister John Vorster had been grooming Smit for Diederichs' old post of Finance Minister.

12. Evidence subsequently obtained from Rhodesian sources buttressed those charges. In the course of sanctions-busting, Rhodesian intelligence people not under the control of Ken Flower discovered that former British SIS officers were working with the East German secret service (Stasi) to train Baader-Meinhof terrorists to assassinate Rhodesian sanctions-busters operating in Europe. The discoveries were summarized by Harvey Ward in a novel, *Sanctions Buster* (Glasgow: Ossian Press, 1982).

13. When the Baader-Meinhof gang, also known as the Rote Armee Fraktion (Red Army Faction or RAF) struck in 1989 and 1991, after years of quiescence, the targets again were key leaders of an industrial recovery. This was in the period of German reunification, when economic arrangements were needed to put the political process on a firm footing. The terrorists killed Alfred Herrhausen, head of the Deutsche Bank, who was the German banker most committed to economic deals with East Europe, and then Detlev Rohwedder, head of the Treuhand (Trust) overseeing economic plans for the former East Germany.

14. Clem Sunter, *The World and South Africa in the 1990s* (Cape Town: 1987).

15. *Private Eye*, September 18, 1987.

16. *Sunday Telegraph*, London, December 16, 1990.

17. *Ibid.*

18. *Daily Telegraph*, London, October 10, 1991.

19. *Washington Post*, October 27, 1991.

## Appendix

### A

## Tiny Rowland and the Iran-Contra Affair

Tiny Rowland and Lonrho were deep into the major intelligence scandal of the 1980s, the arms deals between the United States and the Khomeini regime in Iran, proceeds from which went to funding—unauthorized by the U.S. Congress—of Contra forces in Nicaragua. There is an impressive roster of American, British and Israeli agents involved in the Iran-Contra arrangements, who were in liaison with Lonrho, or even on its payroll.

**David Kimche.** Former director of Israel's Foreign Ministry, and head of the Mossad's Africa section. Upon retirement from the Israeli government, Kimche was hired by Lonrho's African Investment Trust Ltd. He also figured in the Iran-Contra scandal.

**Amiram Nir.** Former security adviser to Israeli Prime Minister Shimon Peres, Nir worked on Iran-Contra smuggling of guns and drugs. According to Israeli intelligence sources, he was employed by Lonrho at the time of his death in a mysterious plane crash in Mexico, in December 1988.



**Yaacov Nimrodi.** Mossad station chief in Teheran for many years, Nimrodi was employed by Rowland in his 1989 attempt to acquire the Aviya Sonesta five-star luxury hotel in Taba on the Red Sea. He was also involved in Iran-Contra dealings.

**Ahmed Qaddafi.** A cousin of Muammar Qaddafi, and head of the Libyan security service, he was a board member of a gun-running Lonrho subsidiary, Tradewinds, in the early 1980s. His brother, Saed Qaddafi, was described by *Private Eye* as the "link man" between CIA gun-runner Edwin Wilson and Libyan terrorist groups.<sup>1</sup>

**Ashraf Marwan.** Son-in-law of the late Gamel Abdel Nasser, and intelligence chief for the late President Anwar Sadat of Egypt, Marwan was a board member of Tradewinds and a frequent companion of Tiny Rowland on trips to Teheran.

**Miles Copeland.** A famous CIA operative, who coordinated the overthrow of Iranian nationalist Mohammed Mossadegh in 1953, Copeland was based in London until his death in January 1991. There he was personally close to Rowland, and Lonrho employed him as a "consultant." Copeland helped to organize the first U.S. arms shipments to Iran, in 1979-80, right after the Khomeini revolution. He chaired "Spooks for Bush," a collection of CIA operatives who supported the 1988 presidential campaign of George Bush.

**Robert Frasure.** He was first secretary for political affairs at the U.S. Embassy in London, in the 1980s. His close acquaintance with Tiny Rowland came to light in connection with activities in Sudan.<sup>2</sup>

**William Casey.** The late CIA director, architect of Iran-Contra, was a friend of Tiny Rowland.

Although U.S., British, and Israeli intelligence services had shipped some arms to the Khomeini regime in Iran already in 1979-80, a new phase of the operation was initiated in 1985 during meetings in Hamburg, Germany between Theodore Shackley, a CIA clandestine operations specialist, Mossad operatives Yaacov Nimrodi and David Kimche, and representatives of the Iranian government. At the time, the United States was ostensibly leading a worldwide arms embargo against Iran, in retaliation for hostage-taking by Iran and Iranian-backed groups in Lebanon.

By July 1985, Saudi wheeler-dealer Adnan Khashoggi, a partner of Tiny Rowland in several African ventures, had become the indispensable middleman in the planned new arms shipments, on account of the lack

of trust between the Americans, who were shipping the arms, and the Iranians, who were paying for them. Khashoggi's job was to pay the Americans, who would ship the arms through Israeli frontmen. When the Iranians received the shipments, they would repay Khashoggi.

As the scale of these transactions increased toward a reported \$350 million, Khashoggi brought in his business partner Tiny Rowland. Said Khashoggi, "I know a man who might help you—Tiny Rowland. He can bankroll you." [Amiram] Nir then checked with [Lt. Col. Oliver] North about Tiny. North called the CIA and he checked out and everyone was relieved. Tiny then had us to lunch at Crockford's in London—Nir, me, [Iranian middleman] Ghorbanifar—and we explained the whole history of the operation.<sup>3</sup>

Rowland declined to get involved, or so he said. But he did lend Khashoggi the \$7.5 million which paid for the first arms shipment, in August 1985. As collateral, he took Khashoggi's DC-9 luxury aircraft and his \$25 million ranch in Kenya. Rowland later claimed he had no idea what the loans were for, despite the fact that Khashoggi raised the funds on an emergency basis—for cash "tomorrow morning," as he put it to ABC-TV personality Barbara Walters.

The official denial by a Lonrho spokesman—"What is absolutely clear is that Lonrho had no knowledge any of its money was being used for arms to Iran"<sup>4</sup>—rings hollow, since, as the London *Independent* reported, "The Israelis with whom Mr. Rowland was reported to have had contact were Mr. David Kimche, the Director General of the Israeli Foreign Ministry, and Mr. Amiram Nir, a counterterrorism expert, both said to have been closely involved in the White House arms delivery scheme."<sup>5</sup>

Rowland not only financed the first deal, but when the Iran-Contra affair began to blow up, he played a role in its cover-up by the FBI and the CIA.

Before he even called the loans, Rowland seized Khashoggi's airplanes and Manhattan luxury apartment. Khashoggi charged that Rowland was not trying to retrieve lost funds, but, at the behest of U.S. intelligence agencies, to get records of this ultrasensitive operation.

The Saudi fixer told the *Washington Times*:

Rowland, who apparently has a special relationship with U.S. intelligence agencies, used a \$2.5 million promissory note

I have with him, to mount a major operation to try to neutralize me. Tiny and I had a series of deals together in Africa and elsewhere that would have earned me about \$50 million in commissions if the contracts had been signed . . . and if these did not materialize I would reimburse him [for the \$7.5 million]. Which is fair enough. Suddenly, overnight, Tiny turned against me after the Iran story broke. So someone, either in the CIA or FBI, must have a special relationship with him. For a \$2.5 million loan, that he had not even called in, he suddenly attaches my DC-8, my Boeing 727, my DC-9, my (\$30 million) New York Fifth Avenue duplex, et cetera. To spend over \$1 million in lawyers fees to collect a loan from a long-time business partner simply did not add up.<sup>6</sup>

Twenty FBI agents searched one of Khashoggi's planes, in Paris, while it was momentarily under Rowland's control. Khashoggi continued, "A French judge had issued a Court order making it possible for the 20 FBI agents, who had been sitting in hotels in Paris waiting, to move in on the DC-8, accompanied by 30 French police with automatic weapons. They searched everything from top to bottom looking for nonexistent documents. Needless to say they found nothing—except for toilet paper—and left empty-handed."<sup>7</sup>

Another Rowland employee, Ashraf Marwan, chipped in to help the American intelligence services as well. Khashoggi explained what happened after the Paris raid. "Then I got a call from the FBI fellow who was in charge of the investigation, who called from Ashraf Marwan's office [the late President Nasser's son-in-law who works for Tiny Rowland]. First Ashraf explained who was about to talk to me and would I please help him locate my papers. I told him that [my lawyer Kenneth] Bialkin was already in touch with his FBI bosses and to deal through him. Ashraf begged me to at least say a few words to him."<sup>8</sup>

The three people handling the Israeli end of the deal, Amiram Nir, Yaacov Nimrodi, and David Kimche, were all closely associated with Rowland.

Despite his protestations, Rowland was hardly new to weapons trafficking. Besides arming all sides in African civil wars, there is the case of a Lonrho subsidiary, Tradewinds. From 1969 to 1975, Tradewinds made

huge losses as it worked with CIA agents Frank Terpil and Ed Wilson on arming Libya's Muammar Qaddafi. Tradewinds was not primarily a commercial company. Chaired by then-Lonrho chairman Edward du Cann, Tradewinds also had Ashraf Marwan as a director and minor shareholder. Reported *Private Eye*, "Dr. Marwan is well known as the banker of the Gaddafi family and is of course an old friend of Tiny Rowland. Also on the Tradewinds board was Ahmed el Gaddafadam, the head of the Libyan security service and cousin of Gaddafi." With one eye on the British libel laws, the magazine concluded, "It is no doubt a curious coincidence that Ahmed's brother Saed worked as a link man between the aforementioned Edwin Wilson of the CIA and Libyan terrorist groups."<sup>9</sup>

After Lonrho sold the company, most of the Tradewinds aircraft wound up with the obscure St. Lucia Airways, later exposed as a front for the CIA. Among other things, the CIA used it to fly arms into Zaire, to arm Jonas Savimbi's UNITA movement in Angola.<sup>10</sup>

The notoriety of Rowland's murky connections is indicated in an exchange between former White House Chief of Staff Donald Regan and U.S. Senator William Cohen (R-ME) during 1987 Congressional hearings on the Iran-Contra affair. The account is taken from the London *Daily Telegraph* of July 31, 1987:

Mr. Regan said he was seriously worried when he heard in May, 1986 that the British industrialist "Tiny" Rowland was inquiring whether the United States was engaged in shipping arms to Iran.

"He was being offered, I suppose you'd say, a share in the underwriting of this and wanted to know was this indeed U.S. policy, and when I heard the name Rowland involved in this, I was really concerned."

Mr. Regan said he knew of Mr. Rowland "by reputation."

[Senator Cohen:] "Didn't any alarm bells go off within the administration saying, 'If Tiny Rowland is involved, my God, who else is involved?'"

"Yes, that's what I told [Secretary of State George] Shultz,"

Mr. Regan replied.

Rowland's New York attorney is Sam Evans, who is also a friend and

partner of Khashoggi. In 1986, U.S. Customs officials caught Evans in an undercover sting operation that also netted Cyrus Hashemi, Israeli General Avraham Bar-Am, and others who were supplying guns to Iran. (The case was subsequently quashed.) Evans published a book called *A Hero from Zero*, which attacked the Al-Fayed brothers during Rowland's protracted battle to wrest Harrods department store from them. Evans also arranged for the illegal printing of a secret Department of Trade and Industry report critical of the Al-Fayeds, which was stolen from Scotland Yard.<sup>11</sup>

Besides financing weapons for Teheran through Khashoggi, Rowland has pursued trade deals between Lonrho and Iran. In 1987, Lonrho bought a 50 percent holding in a trading subsidiary of the German steel firm Krupp, forming Krupp-Lonrho. This made Lonrho, in effect, a partner with Iran, which owns 25.01 percent of Krupp. In 1987 and 1988, Rowland visited Teheran to try and line up a \$1 billion arms-for-oil deal between South Africa and Iran. *Private Eye* detailed those negotiations.

A massive purchase of Lonrho shares in South Africa last week sparked off speculation that something big was going to happen in the racist Republic.

A Johannesburg firm of stockbrokers, Ivor, Jones, Roy, purchased nearly 500,000 shares for a South African institution—as yet unidentified. The speculation which prompted the purchase is said to be due to the prospect of the Iranian barter deal for oil and “other commodities” which may be worth U.S. \$1.28 billion.

Speculation in South Africa is that the other “commodities” are arms. A South African subsidiary of Lonrho, Matrix Products (Ptye) Ltd. has at present three divisions engaged in the manufacture of explosives, ammunition and weapons (air and ground), and a fourth division is scheduled to commence operations in January for avionics. In tandem with, say, Atlas Aircraft Corporation, owned by the South African government, Lonrho could do a nice lot of business with the Iranians.<sup>12</sup>

## Notes for Appendix A

1. *Private Eye*, September 16, 1988.
2. Richard Hall, “Islamic Zeal Plunges Sudan into New Turmoil,” in *The*

*Observer*, May 20, 1984, p. 6. According to a British-based Africa specialist, “The press corps in London regarded [Frasure] as being a key CIA operative in the Embassy, and he certainly behaved like he was—all this wheeling and dealing with people in back attics, people that no one else would possibly know about.”

3. *Washington Times*, March 19, 1987.
4. *International Herald Tribune*, January 1, 1987.
5. *The Independent*, London, November 24, 1986.
6. *Washington Times*, March 19, 1987.
7. *Ibid.*
8. *Ibid.*
9. *Private Eye*, September 16, 1988.
10. *Private Eye*, February 7, 1987.
11. *The Mail*, Sunday, February 4, 1990. *Notices of Motions*, Motion of MP Dale Campbell-Savours, “Lonrho, the Observer and the Department of Trade and Industry Report,” February 15, 1990.
12. *Private Eye*, September 18, 1987.

## Appendix B

# Lonrho's Grand Plans

The core of Lonrho's empire is Africa. The company draws 66 percent of its profits from Africa, up from 48 percent in 1987. At the same time it was expanding in Africa, Lonrho was spreading its tentacles worldwide. It remains to be seen, to what extent the company's late 1991-92 liquidity crisis will curtail its ambitions.

The following are areas of Lonrho's strategic expansion:

### Germany:

With over 1 billion deutschmarks' investment, Lonrho has become the largest British company in Germany. Rowland told the *Sunday Telegraph* December 16, 1990, "We are one of the few British companies making real headway in Europe. We were in ahead of the game when we took a 50 percent interest in Kuhne & Nagel in Germany nine years ago and we followed this up with a major investment in Krupp Lonrho which is in steel trading, fuels, and raw materials handling and has Europe's largest shipping fleet with four million tonnes."

In January 1992, Rowland sold the Hamburg-based Kuhne Nagel, the world's third largest freight forwarding concern, but his purchase of a 50 percent interest in Krupp's major trading subsidiary went forward. With an annual turnover in excess of DM4 billion, Krupp Lonrho is a far-flung commercial empire in its own right. By buying into the Krupp concern, Lonrho is also positioned to move into Eastern Europe. In the postwar period, Krupp has been run by Berthold Beitz, a leading force in Osthandel (trade with the East) ever since he helped reestablish West German-Soviet relations in 1955. After the reunification of Germany in 1990, Krupp Lonrho moved quickly into the states of former East Germany.

In July 1990, Lonrho bought 10 percent of the retail giant Asko, which has more than 1,000 outlets and annual sales of some DM18.6 billion. Rowland said in his December 16, 1990 remarks to the *Sunday Telegraph*, "Our investment in the German retailer Asko is of major strategic importance to us."

### Eastern Europe/Former U.S.S.R.

As of late 1991, Lonrho had opened a Moscow office, employed 500 Russian workers, and was "actively pursuing business throughout the [former Soviet] Republics." The company is marketing Russian-made Lada automobiles inside Russia, and Lada-Lonrho has set up a new furniture factory in Syktyvkar, Russia. Lonrho is also involved in a joint venture company in Belarus to produce a scrap-processing plant. It was awarded a DM50 million turnkey project for a combined meat processing plant in Ukraine.

Rowland is thinking big. He told the *Daily Mail* on March 27, 1992, "We're looking at the Ukraine, Siberia and Kazakhstan on a big scale."

In Poland, Lonrho subsidiary Harrison and Co. has secured a contract to produce all of Poland's passports. The latter is of special interest, since British SIS has often operated out of the "passport control" sections of British embassies; passport control has obvious implications for the intelligence business, including the narcotics trade.

### Japan

In July 1988, Lonrho opened Lonrho Pacific Ltd. in Tokyo with an office of 80-100 employees, including seven or eight executives recruited from the Japanese firms Nissho Iwai and Nomura Securities. The office is



run by John Kato, former Nissho Iwai head in Africa, a friend and sometime business partner of Rowland since the 1960s. The transfer to Lonrho was not a step taken lightly by these executives, since Nomura is one of the world's leading security brokers, and Nissho Iwai, with 1987 sales in excess of \$61 billion, is one of the world's largest trading companies. With an impressive track record inside the Soviet Union, Nissho Iwai was the first foreign company allowed to open an office outside Moscow, in Khabarovsk, in eastern Siberia.

### India

Rowland has "high hopes of expanding Lonrho's interests in India," reported *Private Eye* July 19, 1991. Those interests are apparently minimal at present, but Rowland accompanied *Observer* editor Donald Trelford, when Trelford conducted the first interview of India's new Prime Minister, P.V. Narasimha Rao, by a foreign journalist.

### Notes for Appendix B

1. Lonrho 1991 annual report, p. 15.

## Appendix C

## Strategic Minerals

According to Tiny Rowland, southern Africa is to be a major area of Lonrho's expansion during the next decade.

Only slightly less nightmarish for British strategists than the prospect of a German-Russian industrial axis, is the prospect of a link-up between Europe, particularly Germany, and southern Africa. British imperial policy has always emphasized control over raw materials. The production of certain essential minerals, without which a modern industrial society cannot function, is located almost entirely in southern Africa and the former Soviet Union.<sup>1</sup> As the Anglo-American Establishment's policies push the former U.S.S.R. into the abyss of economic collapse and wars, the remaining source of such production becomes South Africa.

Control over these minerals, similar to Anglo-American control over Middle Eastern petroleum, is a dagger directed at the industrial production potential of Europe—which, in turn, is the only source for capital goods exports to develop Africa and other underdeveloped regions. The vulnerability of the German economy to disruption of mineral supplies, for

instance, was shown in a 1985 study commissioned by the West German Economics Ministry. It found dependency on South Africa (in 1980) for the following percentages of key minerals.

Material	Import Dependency (%)
Vanadium	86
Chromium ore	68
Manganese	67
Asbestos	88

The Ministry then analyzed the effect of a partial import supply disruption of certain key minerals. A 30 percent loss of manganese, they discovered, would collapse GNP by 28 percent almost overnight, with a loss of 1 million jobs. A 30 percent cut in chromium imports would cause a similar collapse, while a partial cutoff of asbestos would be only slightly less devastating.

Leaving aside South Africa's well-known world dominance in gold and diamond production, the following are the chief among the irreplaceable minerals produced in South Africa, with a sketch of their economic importance.

**Manganese.** South Africa produces 51 percent of the Western world's entire manganese output, and supplies 84 percent of total world exports. Manganese is essential in the manufacture of steel, in which 13-20 pounds of manganese are consumed for every ton of steel produced. Since 1856, when introduction of manganese to avoid brittleness in steelmaking made the Bessemer converter practical, manganese has been essential to steel production. The United States and Western Europe have no indigenous production or reserves of this crucial metal. Though the former Soviet Union was the second major producer of the metal, it still had to import some supplies.

**Chromium.** Southern Africa contains fully 74 percent of known world reserves of chrome ore. South Africa produces 39 percent of the world's chrome ore, which makes it the world's second largest producer, behind the former Soviet Union. After South Africa comes Brazil, with only 9 percent, followed by Zimbabwe with only 4 percent.

One of the world's most important industrial metals, chromium is used primarily in making corrosion- and heat-resistant stainless steels,

and is also vital to the hardening and toughening of steel. It has numerous alloy applications in combination with metals such as nickel, titanium, and copper for specialized applications. Chromite has unique applications in production of refractory bricks for steel furnaces. South African high quality chrome ores are considered the world's best quality for such specialized application. So is its chrome foundry sand, a sophisticated product used widely to produce steel castings. In many of its industrial applications, no adequate or economical substitutes exist for chrome ore. It is essential for the production of jet engines.

**Platinum group.** South Africa contains the world's largest reserves of so-called platinum group metals (PGM). The platinum group includes platinum, palladium, iridium, osmium, rhodium, and ruthenium. It is second in world production behind the former U.S.S.R., with Canada third. Between them, these three countries produce 98 percent of the world's output of platinum group metals.

Platinum metals as a group are essential to modern industry. While their most recent application, platinum catalysts for auto emission-control devices, accounts for a significant demand rise in the past decade, they are used in electrical contacts for high-precision instruments, as anodes for metallurgical processing, and as a component in catalysis for the chemical industry for oxidation of ammonia to produce nitrogen fertilizers. In the petroleum refining industry, platinum is used as a catalyst to produce high octane gasoline for aircraft and vehicle fuel. Platinum has become a critical metal for the U.S. transportation industry in the last decade by virtue of environmental laws. Were the world supply of platinum metals to collapse because of a crisis in southern Africa, this alone could drive the cost of gasoline far higher than OPEC ever could.

On July 21, 1991, the London *Daily Telegraph* reported Tiny Rowland's claim that he had "highly successful" talks with Russian officials, regarding a global platinum deal. After this, twenty Lonrho employees were dispatched to Russia.

**Vanadium.** South Africa holds the largest Western world reserves of vanadium, an estimated 61 percent. Vanadium is essential in production of high-quality specialty steel alloys, and many tool steel alloys. Some 90 percent of world vanadium consumption is used in steel production as a result, the rest in the chemical industry. Vanadium is key in the production of alloys of titanium for aerospace industry applications. Modern jet en-

gines depend on titanium alloys for their special strength and other metallurgical properties.

South Africa is the world's largest producer of vanadium, making over 70 percent of world supply; outside the former U.S.S.R. and China, and 45 percent of the world total. The second largest producer is the former Soviet Union, with 24 percent of total output.

Coal. Though not a strategic metal, South African coal is vital to the economies of particularly Western Europe and Japan. It is essential to the production of steel (coking coal) and electricity (steam coal). South Africa is presently the world's most economical producer of steam coal, used to run the power plants of Japan and Western Europe. By 1984, South Africa had become the world's second largest coal producer (outside the former East bloc and China), behind the United States. Approximately 25 percent of total European Community coal imports in 1985 came from South Africa.

	South Africa	Former U.S.S.R.	Combined
PGM	40 percent	54 percent	94 percent
Vanadium	42 percent	20 percent	62 percent
Manganese	23 percent	41 percent	64 percent
Chromium	22 percent	34 percent	56 percent

### Notes for Appendix C

1. William Engdahl, in *EIR Special Report, Global Showdown Escalates*, Washington, 1987. The statistics on strategic minerals presented here are drawn from Engdahl's study.

## Appendix

D

# Africa's Future: The LaRouche Alternative

Having achieved independence in name during the late 1950s and early 1960s, African nations attempted to achieve it in reality through economic development. Such attempts were thwarted by the stranglehold over the world's economy by the "Bretton Woods system"—the International Monetary Fund, the World Bank, and the General Agreements on Tariffs and Trade (GATT). So effective has this new form of colonialism become, that African nations were a *net exporter of capital* during the decade of the 1980s, reaching \$23 billion in capital outflow per year in 1988 and 1989.<sup>1</sup>

While the IMF et al. strangled them from without, African nations desperate for development opened their doors to still another instrument of neocolonialism—multinational cartels such as Tiny Rowland's Lonrho. Led by Lonrho, these corporations further looted both the human capital and the raw materials of Africa.

While Rowland was stealing and fomenting civil wars, American statesman Lyndon LaRouche stepped to the forefront of those fighting for

Africa's development. His efforts earned LaRouche the hatred of the Anglo-American Establishment, which in late 1988 framed him up and sent him to jail for 15 years. Rowland's *Observer* newspaper was among the first, in the early 1980s, to smear LaRouche.

Yet if Africa is ever to develop, her leaders must find the courage to break the genocidal grip of the IMF and Tiny Rowland, and implement the proposals which LaRouche, his wife, German political leader Helga Zepp-LaRouche, and their associates in the Schiller Institute, the Club of Life, and the Fusion Energy Foundation, have been developing for the continent for over a decade and a half. If they do, they will break with the IMF and implement "great projects" for development.

Some of the efforts by LaRouche and his associates are chronicled here.

**1974.** LaRouche convened a task force to study the implications of the IMF decimation of the African population. The resulting study predicted the outbreak of old diseases and the appearance of new ones by the mid-1980s, under IMF policies of prioritizing debt collection over real development.

**Spring 1975.** Returning from a visit to Iraq, LaRouche proposed at press conferences in Bonn and Rome, the establishment of an International Development Bank, which he said should replace the IMF. In written form, the proposal was circulated to almost every government in the world. One of the "great projects" which such a bank should immediately take up, emphasized LaRouche, would be the development of the West African Savanna-Sudan-Sahel region, a potential breadbasket of Africa.

**May 1978.** The U.S. Fusion Energy Foundation (FEF) sponsored a conference in Washington, D.C., "The Industrial Development of Southern Africa," with participation of several departments of the U.S. government, and several African leaders.

**June 1979.** An FEF international conference in Paris, "The Industrialization of Africa," was followed by a similar conference in Rome in November. The proceedings of both were issued as a book under the same title, the next year.

**August 1980.** Several activists in LaRouche's campaign of that year for the U.S. presidency, led by former Manhattan (New York City) Borough President Hulan Jack, founded the Committee for a New Africa Policy.

The Committee carried out an extensive lobbying and propaganda campaign for massive short-term aid to Africa, as well as for the longer-term development of infrastructure.

**1981.** LaRouche issued a book-length commentary on the *Lagos Plan of Action*, adopted by the Organization of African Unity in April 1980. Entitled *Stop Club of Rome Genocide in Africa!*, the book was designed to remedy certain conceptual flaws in the Lagos plan, to provide a theoretical basis for the continent's rapid development.

**October 1982.** The Club of Life was founded in Chicago at the behest of Helga Zepp-LaRouche. The founding conference featured several panels on Africa. In November, the Club issued a policy paper, *How the Club of Rome's Food Crisis Can Be Stopped*, which highlighted the crisis in Africa.

**1983.** LaRouche addressed a memorandum to the Non-Aligned Movement, entitled "The Role of a Debtors' Cartel in Bringing President Franklin Roosevelt's Anti-Colonialist Policy Into Immediate Actuality."

**July 1984.** The Club of Life's Africa Commission issued a white paper, *Emergency Measures to Stop the Food Crisis in the Countries of West, Central, East, and Southern Africa*.

**November 1984.** An international conference of the Schiller Institute is held in Washington, D.C., featuring the panel, "Overcoming the Crisis in Africa."

**January 1985.** The National Democratic Policy Committee (NDPC), a political action committee supporting LaRouche's policies, organized a 10,000-person demonstration in Washington on the theme, "Win the Second American Revolution—Destroy the IMF."

**May 1985.** The FEF magazine, *Fusion*, published the results of a study on the breakdown of health care in the continent, entitled "Stop the Biological Holocaust: Science Can Still Save Africa."

**1985.** In an NDPC pamphlet entitled "A Certain Difference Between the Great Jesse Owens and the Present Jesse Jackson," LaRouche wrote at length on Africa, proposing the following development projects for immediate implementation:

1. A modern trunk railway across sub-Saharan Africa, from Dakar to Djibouti. This must intersect the existing railway networks, and must pivot upon a leg of the trunk constructed across southern Chad, from the



railhead at Maiduguri, in northeastern Nigeria, to the railhead at Nyala, in Sudan.

2. A modern trunk railway link, from the Marrakesh-Casablanca-Oran-Algiers-Tunis system, down to the Dakar-Djibouti trunk-system.

3. A modern trunk railway line, extending the Egypt-Sudan system to Lake Victoria ports in Uganda, to Mombasa, and into Tanzania.

4. A comprehensive fresh-water management project for West Africa, centered upon the Senegal, Volta, and Niger systems.

5. Creation of a major catch-basin in Zaire, moving the surplus water into the Chari system in the Central African Republic and Chad.

6. The establishment of a Nile-Victoria water-management treaty-organization among Egypt, Sudan, Ethiopia, Kenya, Uganda, Zaire, Rwanda, and Burundi.

**April 1986.** After meetings by his associates in South Africa with leading black Africans, LaRouche issued a memorandum, "Resolving the Debt/Credit Crisis of Africa." (Excerpts below.)

**January 1988.** LaRouche addressed an international conference held in Andover, Massachusetts, on how to replace the defunct Bretton Woods monetary system. Numerous speeches to the conference dealt with proposals to solve the crisis in Africa.

**January 1989.** LaRouche was railroaded into jail for a 15-year-term.

**March 9, 1990.** The LaRouche-founded *EIR* weekly magazine published a cover story, "South Africa: powerhouse for regional development."

**July 26, 1991.** *EIR* cover story: "Africa can die by 'new order,' or thrive with great projects."

**September 12, 1991.** The Schiller Institute issued a new policy paper, *For a True U.N. Fourth Development Decade: A Concrete Solution to the World Economic Breakdown Crisis.*

**November 15, 1991.** *EIR* cover story: "Holocaust in Africa: Why the IMF must be replaced."

**August 21, 1992.** *EIR* cover story: "Save 40 million in Africa: a food plan with a future."

**January 1, 1993.** *EIR* special issue: "The rebirth of Africa."

### Excerpts from a Memorandum: Resolving the Debt/Credit Crisis of Africa

by Lyndon H. LaRouche, Jr.

April 23, 1986

According to data compiled by *EIR*, from census-data collected by various international agencies, we have the following 1982 estimated comparisons of certain crucial statistics, for North America (the U.S.A. plus Canada), Western Europe, and Africa.

**Table 1**  
**Per-Hectare Development**  
(1982 estimated comparisons)

	No. America	West Europe	Africa	South Africa
<b>Land</b> (million hectares)				
Total	1,834	368	2,957	267
Agriculture	499	151	947	196
Population (millions)	259	343	507	53
Over 15 years old	168	221	242	18
<b>Work Force</b> (millions)				
Total	116	146	171	12
Agriculture	2.6	10.6	109	4.3
Industry	36	61	20	3
Infrastructure	0.2	5.5	0.6	0.5
Raw materials	0.1	0.9	0.2	—
<b>Energy produced</b> (trillion kilocalories)				
Total	20	8	5	1
Non-thermal	3.5	2.6	0.2	—
Electricity	2.7	1.6	0.2	0.1
<b>Energy consumed</b> (trillion kilocalories)				
Total	20	12	2.8	0.9

Although these comparisons are based on census figures, which have a margin of inherent error, they are sufficiently accurate to illustrate the essential point, and conclusively so. Africa, which has an agricultural area twice that of the United States and Canada combined, and an agricultural workforce forty times that of North America, is starving.

If we deduct three regions of Africa, the Mediterranean region, Nigeria, and South Africa, the picture of the rest of Africa stands out more clearly.

Table 2  
Africa, Internally

	Total	Mediterr.	Nigeria	So. Africa	Other
<b>Land</b> (million hectares)					
Total	2,957	500	91	267	2,099
Agriculture	963	93	51	196	623
Population (millions)	507	52	85	35	335
Over 15 years old	242	15	44	18	165
<b>Work force</b> (millions)					
Total	171	6.5	32	12	120.5
Agriculture	109	1.6	17	4.3	86.1
Industry	20	1.7	6.9	10	14
Infrastructure	0.6	—	—	0.4	—
Raw materials	0.2	—	—	—	0.2
<b>Energy produced</b> (trillion kilocalories)					
Total	5	1.4	1.0	1	1.6
Non-thermal	0.2	—	—	—	—
Electricity	2.4	0.3	—	1.3	0.8
<b>Energy consumed</b> (trillion kilocalories)					
Total	2.8	0.2	0.3	0.9	1.4

Table 3  
Population Densities  
(per 1,000 hectares usable land)

World Average	333.99
North America	233.40
Western Europe	1,025.94
Africa	193.61
Med. Africa	96.80
Nigeria	616.61
South Africa	86.58

The reason that African food production is so poor, is shown most clearly by comparison of energy consumption per hectare of usable land area.

Table 4  
Per-Hectare Energy Consumption  
(1,000 kcal./hectare usable land)

World Average	16,463
North America	42,801
Western Europe (avg.)	89,447
Scandinavia	142,213
Mediterranean	42,851
Other W. Europe	113,879
Africa (avg.)	2,887
Mediterranean	2,673
Nigeria	6,027
South Africa	4,640
China	12,865
North Asia*	500,201

\*Chiefly Japan, Taiwan, South Korea

The foregoing is made clearer, by considering also the comparative figures for energy production per person.

**Table 5**  
**Energy Production and Consumption Per Person**  
(in 1,000 kcal./person)

	<i>Production</i>	<i>Consumption</i>
World Average	23,494	22,220
North America	77,927	83,900
Western Europe (avg.)	23,219	37,496
Scandinavia	80,770	78,754
Mediterranean	6,078	21,617
Other W. Europe	26,835	41,805
Africa (avg.)	12,521	6,439
Mediterranean	48,323	7,409
Nigeria	14,357	3,797
South Africa	31,669	29,152
North Asia	5,304	24,350

The general problem of Africa's economy, is a gross underconsumption of usable energy, both per person and per hectare of usable land. The leading feature of this problem, is a monstrous underproductivity of agriculture. In other words, the only major problem with Africa's economy is a lack of American and European industrial and agricultural technology. In other words, those who propose to limit Africa's economic development to so-called "appropriate technologies," are proposing the mass-murder of black Africans through famine and disease. Unless present monetary and economic policies toward Africa are drastically changed, not less than something between 50 and 100 millions Africans will die of the effects of famine and epidemic diseases during the decade or less immediately ahead, perhaps as much as twice that number. Public health measures, headed by adequate diet, safe water for drinking, cooking, and washing, and elementary types of modern sanitation and inoculation, are at the top of the list of rudimentary measures needed to prevent a genocide vastly greater than that suffered under the Nazi regime.

The principal causes for the spread of famine and disease on the

present scale, do not originate within Africa itself. The chief causes are those policies of supranational financial institutions and international monetary agencies which have come into being, since 1971, under the IMF's "floating exchange-rate system."

1. African nations' national currencies are forcibly reduced to a fraction of their true value, such that African exports generate much less than a fair level of national incomes, and African imports from industrialized nations are exorbitantly priced.

2. Africa's export markets have been progressively reduced by the North American and European nations' internal policies, of shifting from industrial, to so-called "post-industrial" economies.

3. Especially since 1979, and most drastically since 1982, the external debt of African nations has been pyramided by usurious refinancing terms, externally imposed by international monetary agencies, as "conditionalities" of the IMF and World Bank. The debt-service on this pyramided indebtedness devours not only the African nations' modest export earnings, but also other portions of national incomes.

4. International monetary authorities have used the pretext of certifying a nation's credit-worthiness, to impose sweeping "conditionalities" upon governments of Africa and other nations, and this to the degree that developing nations generally have been reduced to the same state of foreign subjugation which existed prior to independence. Worse, the authors of these "conditionalities" are guided by genocidal, neo-malthusian "population" policies, to the degree that the "conditionalities" imposed by the IMF and other relevant agencies are precalculated to promote accelerated death-rates through the effects of famine and disease.

5. Since early during the 1970s, African nations' dependence upon foreign food subsidies has enabled the relevant foreign governments to control the policies and ministerial appointments of African governments, by threatening to cut desperately needed food supplies should the government fail to comply with certain requirements of governmental policy and composition of government. This mechanism has been used, repeatedly, to force African governments to abandon the kinds of developmental policies which might have alleviated the misery of their populations.

6. The most immediate and general need of Africa as a whole, is a combination of large-scale and subsidiary projects in development of basic economic infrastructure: waterways, ports, railways and tributary

highways, fresh-water management, energy production and distribution, sanitation and basic urban infrastructure. Over the past fifteen years, such projects have been opposed with increasingly efficient vigor, by international banking and monetary authorities. Yet, without those infrastructure-building programs, no significant improvement in agricultural output and industrial development is possible.

7. For various reasons, the optimal, principal source of new energy supplies for most African nations, is nuclear energy, and the development of agro-industrial nuclear-powered complexes (sometimes called "nuplexes") along coasts and major inland waterways. Smaller nuclear-powered generators, in the 100 megawatt or smaller range, are the most general need.

Provided we might assume, that import of European and North American agricultural and industrial technology might become available, on reasonable terms of trade and financing, the principal remaining obstacles to economic development, are very poor life-expectancies and marginal education.

For example, European levels of technology cannot be employed generally, unless the young are provided a European quality of education through a school-leaving age of 16-18 years, average. It is most difficult to support a new member of society through the first eighteen years of life, if the average life-expectancy of surviving infants is in the order of forty years. European technology requires a life-expectancy in the order of between sixty and seventy years among households of the labor force generally.

This relationship of interdependency, between education and life-expectancies, is two-fold. First, since the support of young persons, below eighteen years, must come from the physical output of members of the labor force over eighteen years, the number of years of productive labor of each member of the labor force sets a limit on the level of education which can be provided to the young. Also, since the education and later skills-training of youth constitute an investment by society, the "life of that investment" is of first-rate concern to the economy as a whole. The longer the life-expectancy, the greater the average relative productivity of the labor force as a whole.

Thus, both improvements in quality of nutrition and in public health

measures of sanitation and immunization, ought to be among the highest priorities for Africa as a whole.

### Can Remedies Be Implemented?

What I have reported thus far, varies very little from what leading Africans and others have stated publicly on many occasions during the past twenty years. This has been emphasized in several conferences of the Non-Aligned Nations, most emphatically at Colombo in 1976, and at Delhi in 1983. What is seldom said publicly, but which desperately needs to be said openly now, is that there is no hope for any part of the continent of Africa, unless there is an early and sweeping overturn of every policy resembling the present and recent policies of the International Monetary Fund and World Bank. Within the setting of the present policies of those institutions, no African government is capable of any economic undertaking which could halt the spread of famine, disease, and bloody social chaos throughout any part of the continent.

As I have indicated, there are measures which could put African nations on an upward course, measures which are objectively feasible, measures which most African governments would approve as desirable options. Without such measures, the situation of the entire continent is much worse than desperate; the situation is utterly hopeless. Yet, no such measures will be allowed in any part of Africa, as long as the current policies of the IMF and World Bank remain in force. A few token measures in such directions might be tolerated by the international monetary authorities, token measures which would have no more effect than a few drops of water in a vast desert.

For the most part, most African governments know this to be true, and yet almost none of them dare to say so publicly. The reason for this is not properly called cowardice; more than once, governments which challenged the policies of the international bankers and supranational monetary authorities have been overthrown, sometimes bloodily. Courageous leaders have been assassinated; sometimes, members of their families, too. At Colombo, in August 1976, the Non-Aligned Nations bravely resolved on policies which would have changed the world very much for the better, but a few weeks later, only one of those leaders dared to support the Colombo resolutions openly at the General Session of the United



Nations; a few months later, the World Bank forced him into exile from his own nation. When Pakistan's President Zulfikar Ali Bhutto attempted to act according to the spirit of the Colombo resolution, Henry Kissinger threatened him, "We will make a horrible example of you, Mr. Bhutto." At Delhi, in 1983, brave and good policies were adopted, but no one dared attempt to implement the adopted resolutions. These are not cowardly people, certainly Prime Minister Indira Ghandi was no coward; these are political leaders who know that the forces behind the IMF "conditionalities" doctrine are killers, who will overthrow governments, launch waves of assassinations, and even destroy nations, for the sake of defending "conditionalities" doctrines. What can individual African nations' governments do, when much stronger governments are afraid to challenge IMF and World Bank policies openly?

The fact remains, that unless those "conditionalities" are overturned, there is no hope for the people of any part of Africa. . . .

If the present "conditionalities" policies are continued, most of the population of Africa will be wiped out by the proverbial "Four Horsemen of the Apocalypse." The threat of infectious disease, is far more menacing, more deadly, than the effects of a thermonuclear war between the super-powers. AIDS, a pandemic infection with a probable 100 percent rate of fatality, underscores that fact; the fact would be true, although perhaps less immediately so, if AIDS had not erupted.

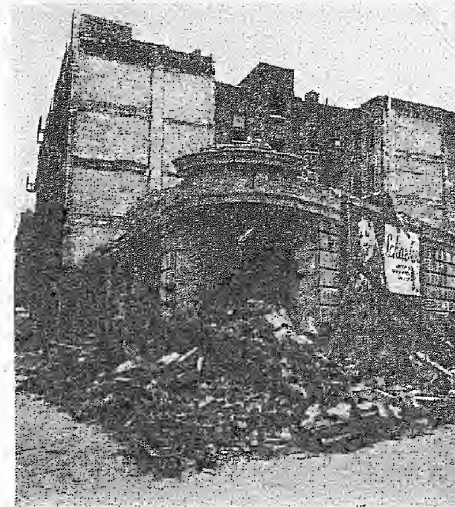
During the past two decades, governments have submitted to IMF and World Bank "conditionalities," usually on the presumption that by submitting to such demands today, governments would survive until a future time, when the wrongness of the "conditionalities" policies might be generally recognized. The degree of suffering the nation endured because of the "conditionalities" policies, seemed a lesser evil than the bloody chaos which would probably erupt if the nation resisted the "conditionalities." True, governments foresaw that IMF and World Bank policies would lead to murderous ruin during years ahead; one might hope that before that time arrived, the IMF policies would be changed for the better.

Now, yesterday's tomorrow is today. What might have been seen, a few years back, as a ruinous future, is the reality erupting now. The spread of famine and epidemics is proceeding at the gallop; famine and epidemic are becoming an immediate, and a more deadly threat, than the murderous

threats of the IMF "conditionalities" backers. Assuming the continuation of "conditionalities" policies, most of Africa has several years, perhaps slightly longer, before the fatal effects of the "conditionalities" policies become irreversible. To that degree, the time for nations to act against "conditionalities" is now or never. . . .

### Notes for Appendix D

1. Christine Bierre, "The IMF-World Bank at work in Africa," *EIR*, March 20, 1992.



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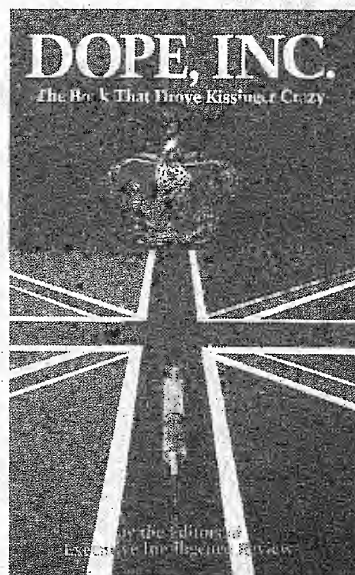
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